

REMUNERATION DISCLOSURES CPS330 Public Disclosure

FINANCIAL YEAR 2019-2020 Australian Settlements Limited

| <u>QUALITATIVE DISCLOSURES</u> | |
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| (a.1) | <p>The name, composition and mandate of the main body overseeing remuneration:</p> <p>Australian Settlements Limited (ASL) Board People & Culture Committee⁽¹⁾ oversees the governance of remuneration. The Committee consists of three Directors, the majority of whom are independent.</p> |
| (a.2) | <p>The name of external consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process:</p> <p>PerformHR was commissioned to provide benchmark reporting on senior executive remuneration levels for the People & Culture Committee.</p> |
| (a.3) | <p>A description of the scope of the ADI's Remuneration Policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches:</p> <p>ASL operates solely in Australia in a single business line.</p> <p>ASL's Remuneration Policy specifically deals with those positions outlined in CPS 510 that have the opportunity to materially influence the integrity, strategy and operation of the company and its financial performance.</p> <p>The policy covers the remuneration of the roles outlined in the People & Culture Committee Charter.</p> |
| (a.4) | <p>A description of the types of persons considered as material risk takers and as senior managers as defined in paragraph 22 of the Prudential Standard, including the number of persons in each group.</p> <p>There are seven employees considered as senior managers, the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Information Officer, Chief Product and Operations Officer, Company Secretary & Chief Compliance Officer and Chief Member Officer, that may impact the financial soundness of ASL.</p> |
| (b.1) | <p>An overview of the key features and objectives of the remuneration policy:</p> <p>Remuneration arrangements include measures of performance, the mix or forms of remuneration (such as fixed and variable components) and the timing and eligibility to receive payments.</p> |
| (b.2) | <p>Payments are expressed in terms of total cost to the company, thereby permitting the recipient to take non-cash payments (e.g. access to a motor vehicle) but subject always to the total cost to the company (including any applicable taxation) not exceeding the prescribed total amount.</p> |
| (b.2) | <p>Has the Remuneration Committee reviewed the ADI's Remuneration Policy during the past year, and if so, an overview of any changes that were made:</p> <p>ASL's Remuneration Policy was last reviewed in June 2019. Changes were been made to comply with Banking Executive Accountability Regime (BEAR) legislation and CPS510.</p> |
| (b.3) | <p>A discussion of how the ADI ensures that risk and financial control personnel (as defined in CPS 510) are remunerated independently of the businesses they oversee.</p> <p>ASL's risk and compliance staff are remunerated independently of the business areas they oversee through specified key performance indicators (KPI's), and performance measures that are independent of revenue generating areas. Financial control staff are not rewarded for undertaking high risk practices.</p> |
| (c.1) | <p>An overview of key risks that the ADI takes into account when implementing remuneration:</p> <p>ASL's policy is to ensure that the level and composition of remuneration is appropriate and fair having regard to competitive forces and the interests of the company, its shareholders, and that its relationship to performance is clear in present and future environments.</p> |
| (c.2) | <p>An overview of the nature and types of key measures used to take into account of these risks, including risks difficult to measure:</p> <p>ASL's KPI's do not support, encourage, or reward behaviour that encourages short term gains that could, or be perceived to damage the financial stability of ASL.</p> |

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| <p>(d)</p> | <p>Description of the ways in which the ADI seeks to link performance during a performance measurement period with levels of remuneration. Disclosures must include:</p> <ul style="list-style-type: none"> • an overview of the main performance metrics for the ADI, top-level business lines and individuals; • a discussion of how amounts of individual remuneration are linked to institution-wide and individual performance; and • a discussion of the measures the ADI will in general implement to adjust remuneration in the event that performance metrics are weak. <p>The performance of staff, including senior managers, is reviewed bi-annually. Individual employee performance is assessed against key performance indicators for the role by the individuals’ supervisor or committee. Consideration is also given to other significant factors affecting performance, if applicable.</p> <p>Key performance indicators are linked to or aligned with the organisation’s strategic and financial objectives, risk appetite statement, and policy requirements.</p> <p>The Board has the discretion to defer or adjust the amount of any performance payment, where deemed appropriate in the context of individual or corporate key performance indicators outcomes.</p> | <p>(h.1)</p> | <p>Number of persons having received a variable remuneration award during the financial year.</p> <p>Seven senior managers received variable remuneration during the year.</p> |
| <p>(e/f)</p> | <p>The ADI’s policy on deferral of remuneration, the affected persons, and types of remuneration.</p> <p>Remuneration payments for executive managers are made with an initial payment of up to 70% of the total amount payable. The remaining amount may be paid after 12 months. All remuneration paid was cash only.</p> | <p>(h.2)</p> | <p>Number and total amount of guaranteed bonuses awarded during the financial year</p> <p>There are no guaranteed bonuses.</p> |
| <p>(g)</p> | <p>Number of meetings held by main body overseeing remuneration during the financial year, and the remuneration paid to its members.</p> <p>Four meetings of the People & Culture Committee were held during the 2019-2020 financial year. Total remuneration for the members was \$210,869.</p> | <p>(h.3)</p> | <p>Number and total amount of sign on awards made during the financial year.</p> <p>No awards during the financial year.</p> |
| | | <p>(h.4)</p> | <p>Number and total amount of termination payments made during the financial year.</p> <p>Nil payments during the financial year.</p> |
| | | <p>(i)</p> | <p>Total amount of outstanding deferred remuneration split into cash, shares and share-linked instruments and other forms.</p> <p>\$136,062 - all cash.</p> |
| | | <p>(j)</p> | <p>Total amount of deferred remuneration paid out in the financial year.</p> <p>\$104,755 - all cash.</p> |
| | | <p>(k)</p> | <p>Breakdown of remuneration for the financial year.</p> <p>See table 1 below.</p> |
| | | | <p>Qualitative information about persons’ exposure to implicit fluctuations, such as the value of shares and explicit adjustments such as downwards revaluation of awards of deferred remuneration and retained remuneration.</p> <p>ASL has only cash based remuneration. Retained remuneration is subject to the People & Culture Committee approval for release. No deferred remuneration was reduced.</p> <p>The amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit adjustments is \$136,062.</p> |

(1) Formerly known as the Board HR & Remuneration Committee

TABLE 1: SENIOR MANAGERS

| Total value of remuneration awards for the current financial year | Unrestricted | Deferred |
|--|---------------------|-----------------|
| Fixed remuneration | \$1,624,781 | Nil |
| Cash based | \$1,624,781 | Nil |
| Shares and other | Nil | Nil |
| Variable remuneration | \$319,945 | \$136,062 |
| Cash based | \$219,945 | \$136,062 |
| Shares and share-linked | Nil | Nil |
| Other | Nil | Nil |