



# Remuneration Disclosure Document

30 June 2019

## REMUNERATION DISCLOSURES: 2019 (REFER ATTACHMENT G – APS 330)

### Qualitative Disclosures

#### 1. Overview

The Board is responsible for overseeing employee remuneration in accordance with the Remuneration Policy following advice and recommendations from the Remuneration Committee. The Remuneration Committee comprises 3 non-executive Directors and acts in accordance with the responsibilities and functions set out in the Remuneration Committee Charter.

The main responsibilities of the Remuneration Committee are:

- To provide advice and recommendations to the Board, in accordance with the objectives, principles and approval procedures set out in the Committee's Charter and the Remuneration Policy, including with respect to the individual employees and designated categories of employees as set out in section 2 below;
- To make recommendations to the Board (prior to the submission of any 'Board Remuneration' resolution to an Annual General Meeting) on the aggregate annual amount of Board remuneration to be payable to Non-Executive Directors;
- To conduct regular reviews of, and make recommendations to the Board regarding, any proposed changes to the Remuneration Policy or the Remuneration Committee Charter; and
- To periodically review and assess the effectiveness of the Remuneration Committee Charter and the Remuneration Policy and to recommend to the Board any desired changes to those documents.

During the year ended 30 June 2019, the Remuneration Committee held two meetings.

#### 2. Scope of Remuneration Committee Charter

The scope of the Remuneration Committee Charter provides for the Committee to assess and make recommendations on the remuneration arrangements for following categories of employees;

1. The Chief Executive Officer (CEO);
2. Employees who report directly to the CEO excluding any administrative support staff;
3. Any employee who is primarily involved in a senior management capacity in risk.

With the exception of the individual employees and designated categories of employees in 1 – 3 above, the Board has delegated to the CEO the responsibility for determining the remuneration arrangements for employees.

### 3. Responsible Persons & Material Risk-takers

The following employees are classified as 'Responsible Persons' under the Fit and Proper Policy:

- 3.1. Chief Executive Officer
- 3.2. Deputy Chief Executive Officer and General Manager Corporate Services & Risk
- 3.3. General Manager, Treasury & Strategic Alliances
- 3.4. General Manager, Sales & Service
- 3.5. General Manager, Member Experience & Digital Transformation
- 3.6. Chief Financial Officer
- 3.7. Chief Risk Officer
- 3.8. Head of Legal, Governance & Compliance
- 3.9. Head of Audit/Internal Auditor

### 4. Objectives of Remuneration Policy

The Remuneration Policy is designed to support the strategic and commercial objectives while at all times ensuring compliance with the Corporations Act and applicable APRA Prudential standards.

The main objectives of the remuneration framework are:

- To attract and retain suitably skilled and experienced employees;
- To minimise the risk of the Bank being exposed to the sudden or unexpected departure of key management personnel;
- To ensure that the structure of employee remuneration supports the long-term financial soundness of the Bank; and
- To ensure that any variable remuneration components are appropriately structured such that they provide **no incentive** for any employee (whether acting alone or collectively with others) to engage in imprudent risk-taking.

The Remuneration Policy is reviewed annually and was last reviewed by the Remuneration Committee and the Board in June 2019. There were no material changes made to the policy during that review.

### 5. Variable Remuneration Components: Principles and Approval Procedures

The remuneration arrangements for employees who are primarily involved, at a senior management level in Risk functions (including the annual review of those arrangements and any material changes to those arrangements) are approved by the Remuneration Committee following recommendations from the CEO and the Chair of the Risk Committee.

The Remuneration arrangements for Finance and Treasury, Compliance and Internal Audit functions are approved by the CEO in terms of the Enterprise Agreement.

The remuneration arrangements for employees falling within the above categories are permitted to receive variable or performance-linked remuneration only in terms of the Reward and Recognition scheme which applies to all staff (excluding positions 3.1 – 3.5 above). The Board approves the pool of funds which may be distributed as part of the Rewards and Recognition Scheme.

In accordance with the Remuneration Policy and the applicable Employment Contracts, the remuneration arrangements for employees holding the positions described in 3.1 – 3.5 above may include a mix of fixed and variable (i.e. performance-linked) remuneration.

Any variable short term remuneration component for the holders of those 5 positions is not permitted to exceed, with respect to any financial year, 20% of the amount of fixed remuneration for the Chief Executive Officer and 15% for the other positions, which those employees are entitled to receive in the applicable year.

The approval for any such short term variable remuneration is at the total discretion of the Board, and can only be made following a supporting recommendation from the Remuneration Committee and subject to the Board being satisfied that -

- a) the making of any proposed payment would not have an adverse effect on the financial soundness of the Bank.
- b) The long term remuneration component is specifically designed to promote employee retention over a desired timeframe and to mitigate the risk of the relevant employees departing unexpectedly before that date; and

As at 30 June 2019, none of the remuneration arrangements for the employees in section 3 above incorporated any form of variable long term remuneration.

**Quantitative Remuneration Disclosures: 2019 (refer Attachment G - APS 330)**

**1. Quantitative Remuneration Disclosures: Decision-making Body**

During the 2018/19 financial year, the Remuneration Committee held two meetings. The Board is the main body responsible for overseeing remuneration matters in accordance with the Remuneration Policy. The Remuneration Committee is responsible for making recommendations to the Board in accordance with the parameters and procedures set out in its Charter and the Remuneration Policy.

The total aggregate remuneration paid to Board members in the 2018/19 financial year is set out in Table 1 below.

Table 1: Aggregate Board Remuneration	2018	2019
Total remuneration of all Board members	\$430,174	\$364,352

**2. Quantitative Disclosures: Remuneration of ‘Senior Managers’ and other ‘Material Risk Takers’**

Tables 2 and 3 below include, with respect to all employees who are classified as ‘Senior Managers’\* under the Remuneration Policy, the information that is required to be disclosed under APS 330 Attachment E Clause 3 (h) – (k).

*\*[Note: The category of ‘Senior Managers’ includes all employees who are defined as ‘Responsible Persons’ under the Remuneration Policy and APRA Standard CPS 520 Fit & Proper.]*

Tables 4 and 5 include, with respect to all employees other than Senior Managers who are classified as ‘Material Risk Takers’\*\*, the information that is required to be disclosed under APS 330 Attachment E Clause 3 (h) – (k).

\*\*[Note: The category of ‘Material Risk Takers’ includes all employees other than ‘Senior Managers’ whose activities may potentially affect the financial soundness of the organisation **and** whose total remuneration includes a significant proportion of variable performance-linked remuneration components.]

Table 2: All Senior Managers – Components of Variable Remuneration	2018		2019	
	Number of Employees	Total \$	Number of Employees	Total \$
Number of Senior Managers	9	N/A	9	N/A
Number and value of discretionary bonuses	9	226,856	9	265,872
Number and value of guaranteed bonuses	Nil	Nil	Nil	Nil
Number and value of Sign-on Payments	Nil	Nil	Nil	Nil
Number and value of termination payments	Nil	Nil	Nil	Nil
Value of Deferred Remuneration paid in year	1	75,000	1	75,000
Value of Outstanding deferred Remuneration	1	125,000	1	50,000

Table 3: All Senior Managers – Breakdown of Total Remuneration awards						
	2018			2019		
	Unrestricted	Deferred	Total	Unrestricted	Deferred	Total
<b>Fixed remuneration</b>						
• Cash-based	\$1,750,642	Nil	\$1,750,642	\$1,743,932	Nil	\$1,743,932
• Shares and share-linked instruments	Nil	Nil	Nil	Nil	Nil	Nil
• Other (Fringe benefits)	\$305,882	Nil	\$305,882	\$345,780	Nil	\$345,780
<b>Variable remuneration</b>						
• Cash-based	\$226,856	Nil	\$226,856	\$242,806	68,493	\$311,299
• Shares and share-linked instruments	Nil	Nil	Nil	Nil	Nil	Nil
• Other	Nil	Nil	Nil	Nil	Nil	Nil

Table 4: Material Risk Takers	2018		2019	
	Number of Employees	Total \$	Number of Employees	Total \$
Number of Senior Managers	Nil	N/A	Nil	N/A
Number and value of discretionary bonuses	Nil	Nil	Nil	Nil
Number and value of guaranteed bonuses	Nil	Nil	Nil	Nil
Number and value of Sign-on Payments	Nil	Nil	Nil	Nil
Number and value of termination payments	Nil	Nil	Nil	Nil
Value of Deferred Remuneration paid in year	Nil	Nil	Nil	Nil
Value of Outstanding deferred Remuneration	Nil	Nil	Nil	Nil

<b>Table 5: Material Risk Takers – Breakdown of Total Remuneration Awards</b>						
	<b>2018</b>			<b>2019</b>		
	<b>Unrestricted</b>	<b>Deferred</b>	<b>Total</b>	<b>Unrestricted</b>	<b>Deferred</b>	<b>Total</b>
Fixed remuneration						
• Cash-based	Nil	Nil	Nil	Nil	Nil	Nil
• Shares and share-linked instruments	Nil	Nil	Nil	Nil	Nil	Nil
• Other (Fringe benefits)	Nil	Nil	Nil	Nil	Nil	Nil
Variable remuneration						
• Cash-based	Nil	Nil	Nil	Nil	Nil	Nil
• Shares and share-linked instruments	Nil	Nil	Nil	Nil	Nil	Nil
• Other	Nil	Nil	Nil	Nil	Nil	Nil