

CPS 511 Remuneration Disclosure as at 30 June 2025

This disclosure is pursuant to APRA Prudential Standard CPS 511 – Remuneration and provides an overview of Credit Union SA's remuneration policy, practices and governance.

Overview

APRA Prudential Standard CPS 511 – Remuneration requires Authorised Deposit-Taking Institutions (ADIs) which are governed under the *Banking Act 1959* (Cth) to undertake annual disclosure regarding their remuneration practices. CPS 511 sets out requirements to ensure entities maintain remuneration arrangements which appropriately incentivise individuals to prudently manage the risks they are responsible for and apply consequences for poor risk outcomes.

Credit Union SA does not presently have any variable remuneration arrangements. The current remuneration model is based on the total remuneration concept and on market survey information for Senior Managers (as defined by the *Banking Act 1959* (Cth)).

The key requirements of CPS 511 are that:

- the Board of an APRA-regulated entity is responsible for the remuneration framework and its effective application, consistent with the size, business mix and complexity of the entity;
- an entity must maintain a remuneration framework that promotes effective management of financial and non-financial risks;
- remuneration outcomes must be commensurate with performance and risk outcomes;
- higher standards must be met for key roles and certain large, complex entities; and
- an APRA-regulated entity must make clear, comprehensive, meaningful, consistent and comparable public disclosures on remuneration.

Credit Union SA, as a non-significant financial institution (non-SFI), is required to make the disclosures as outlined in CPS 511. Annual Disclosures under CPS 511 are required as soon as possible after it lodges its annual financial statements with ASIC and not more than six months after the end of the financial year to which the disclosures relate.

Governance and remuneration

The Board has appointed a Governance Committee which, in addition to its other responsibilities, oversees remuneration practices and performs the functions of the Board Remuneration Committee as required by APRA Prudential Standard CPS 510 – Governance. This includes:

- Making annual recommendations to the Board on the remuneration of the CEO, direct reports of the CEO and any other person specified by APRA;
- Conducting regular reviews of and making recommendations to the Board on the Remuneration Policy, as well as the Remuneration Framework (including how Credit Union SA aligns remuneration outcomes with performance, how consequence management is applied in the event of a material breach or misconduct and the method used to ensure risk management is addressed and enforced).

In the 2025 Financial Year the Governance Committee held four meetings.

The Governance Committee operates in accordance with its written charter that outlines the Committee's roles, responsibilities and terms of operation. The Governance Committee comprises of three (3) independent non-executive Directors and meets at least quarterly.

The Governance Committee across the financial year comprised of Directors, Louise Small, Matthew Walsh and Julie Cooper.

Credit Union SA's Remuneration Policy applies to all employees of the Credit Union and is designed to:

- attract and retain individuals and employees who have the necessary skills for the effective and prudent management of the Credit Union;
- encourage behaviour that supports the Credit Union's long-term sustainability, financial soundness, risk culture and risk management framework;
- structure remuneration of risk and financial control personnel in a way that does not compromise the independence of these personnel in performing their functions;
- aligns with the Credit Union's Board-approved 3 year rolling business plan, strategic objectives; and risk management framework as required under Prudential Standard CPS 220 Risk Management;
- promotes effective management of both financial and non-financial risks, sustainable performance;
- supports the prevention and mitigation of conduct risk.

The policy is reviewed annually by the Governance Committee, and approved by the Board, with the last review in July 2025.

The following employees are identified as Senior Managers in accordance with CPS 510 - Governance and the Credit Union's remuneration policy for the 2025 Financial Year:

- Chief Executive Officer
- Chief Experience Officer
- Chief Financial Officer
- Company Secretary & General Counsel
- Chief Operating Officer
- Chief Risk Officer
- Chief Transformation Officer.

Credit Union SA has no other employees that it considers as material risk takers or Senior Managers in accordance with CPS 510 Governance.

Remuneration Framework

In November 2023, the Board of Credit Union SA adopted a Remuneration Framework that sets out the key policies and processes in place to meet CPS 511 requirements. The Credit Union's Remuneration Framework has been developed to support a remuneration approach that aligns with its values as a member-owned organisation and corporate strategy, as well as being compliant with regulatory requirements.

The Remuneration Framework aligns with the Credit Union's business plan, strategic objectives and Risk Management Framework. The Remuneration Framework promotes the effective management of financial and non-financial risks, sustainable performance and long-term soundness, and supports the prevention and mitigation of conduct risk.

The Credit Union's Remuneration Framework aims to:

- Be simple and transparent.

- Create a high-performance culture that is underpinned by the Credit Union's Purpose and Values, recognising that its priority is delivering outcomes to members.
- Promote the effective management of financial and non-financial risks, whilst setting clear accountabilities.
- Support the Credit Union's Risk Management Framework and culture enabling consequence management.

Board Oversight and Governance of the Credit Union's Remuneration Framework

The Board of the Credit Union is responsible for the oversight of the sound and prudent management of the Credit Union which includes having a Board remuneration committee, being the Governance Committee. The Governance Committee:

- Oversees the design, operation and monitoring of the Remuneration Framework, and
- Is composed to allow for the Governance Committee to exercise competent and independent judgment in discharge of its obligations regarding the Remuneration Framework.

The Credit Union's Board Governance Committee, which also operates as a Remuneration Committee, is committed to being compliant with the requirement to ensure there is appropriate oversight of the Remuneration Framework and key remuneration decisions. Prudential Standard CPS 511 Remuneration requires that the Board approves the remuneration policy of the Credit Union.

Performance Management

The Credit Union must be able to discern between whose performance is effectively contributing to the achievement of the Credit Union's objectives, and those who are not. Performance management involves a comparison of performance against the defined performance standards and objectives. Performance objectives describe what is to be accomplished by the individual and/or the team or department over a defined period of time aligned with the Credit Union's business plan, strategic objectives and risk management framework. The performance standards set out the actions, behaviours or results to be achieved that are necessary for satisfactory performance.

Consequence Management

Consequence Management relates to the expectations of employees as outlined in the Code of Conduct and applicable policies.

Consequence Management seeks to ensure that the processes for managing complaints and inappropriate behaviour in the workplace and the consequences applied for the inappropriate behaviour is:

- a) Fair, appropriate, and proportionate to the conduct concerned and that individual circumstances and other relevant factors are considered.
- b) Considers the relevant legislative, policy and regulatory requirements.
- c) Provides support and guidance to manage inappropriate conduct in the workplace fairly and reasonably.

Reporting and Review

An annual review of the Remuneration Framework is conducted in accordance with the broader Board remuneration policy.

A triennial effectiveness review of the Remuneration Framework will be conducted to test whether the policies are operating as intended and to enhance the design of remuneration arrangements in line with better practice.

Fixed Remuneration Component

As captured in Credit Union SA's Board approved Remuneration Policy, the Credit Union's remuneration model is based on the total remuneration concept with employees remunerated with fixed remuneration only which includes some additional annual leave components.

Credit Union SA's remuneration model does not contain any variable (at risk) components aligned to current and future risks. However, all staff are accountable for sound risk management within the Board-Approved Risk Management Framework and risk culture is consistently monitored through management reporting provided to the Board, in particular regarding the Board-approved Risk Appetite Statement metrics. The fixed components of remuneration consists of base salary, superannuation and non-cash benefits.

There is no deferred or retained remuneration, including implied or explicit adjustments of deferred remuneration and retained remuneration, for employees.

Remuneration levels for Senior Managers are reviewed annually by the Governance Committee through a process that considers individuals, business units, overall performance of the Credit Union and the markets in which it operates and are approved by the Board. Performance assessments of Senior Managers incorporates financial and non-financial KPIs, including the responsibility for risk management and compliance.

Annual Bonus

All employees undergo an annual performance review which considers the performance of the individual measured against key performance indicators that are derived from the organisational goals. Recommendations for performance-based bonuses (if any) for the Chief Executive Officer are made by the Governance Committee, for approval by the Board, as part of the annual remuneration review.

Recommendations for performance-based bonuses (if any) for Executives are made by the Chief Executive Officer to the Governance Committee, for approval by the Board, as part of the annual remuneration review.

In compliance with the Credit Union's Remuneration Policy, for the 2024/2025 financial year there were no variable (at risk) remuneration awards, guaranteed bonuses or sign-on awards made to Executives.

Risk and Compliance Staff

The performance and remuneration of risk and compliance staff is assessed according to objectives specific to the roles they undertake, which is independent of the business they oversee. Remuneration is reviewed and benchmarked against the market, and internally, to ensure it is set at an appropriate level.