



## Remuneration Disclosures

### Qualitative Disclosures

The Credit Union's remuneration policies are in place to provide assurance that remuneration decisions:

- Are aligned to the Credit Union's strategy;
- Aid the attraction and retention of talent;
- Are market-relevant and affordable;
- Are internally equitable, consistent and transparent;
- Encourage behaviour that supports Credit Union's long term financial soundness and risk management objectives;
- Ensure the independence of risk and control personnel in the performance of their functions is not compromised;
- Are compliant with corporate governance requirements.

The Credit Union's Board Remuneration Committee makes recommendations to the Board on the remuneration policy and annual recommendations on the remuneration of the Chief Executive Officer, and the Direct Reports to the Chief Executive Officer.

The Chief Executive Officer has the Board delegated discretion to oversee and approve the remuneration of all other Managers.

The Board Remuneration Committee is comprised of all non-executive Directors of the Credit Union's board with a minimum of 3 members making a quorum. The functions of the Board Remuneration Committee include general governance matters and board remuneration committee functions which include:

- Conducting regular reviews and making recommendations to the Board on the Credit Union's Remuneration Policy. This must include an assessment of the Remuneration Policy's effectiveness and compliance with the requirements of Prudential Standard CPS 510 Governance;
- Making annual recommendations to the Board on the remuneration of Directors of the Board, the Chief Executive Officer, the Executive Managers and other persons whose activities may in the Board Remuneration Committee's opinion affect the financial soundness of the Credit Union; and
- Making annual recommendations to the Board on the remuneration of the categories of persons covered by the remuneration Policy (other than those persons for whom such recommendations are already required under the second dot point above).

The Credit Union seeks advice directly from Remuneration Consultants in regard to market-based remuneration and market movements for the Chief Executive Officer and other Direct Reports of the Chief Executive Officer. Benchmark Remuneration levels is sourced from McGuirk Management Consultants for a number of Senior Managers. The information obtained from McGuirk Management Consultants pertains to the Mutual Financial Services Sector and is based on the annual ADI salary survey in alliance with the Australian Mutuals Institute.

All employees are covered by the Credit Union's Enterprise Agreement (EA). In addition, the Chief Executive Officer and Executive Management have separate employment agreements.

For the purposes of this remuneration disclosure, a Senior Manager includes:

- Chief Executive Officer
- All Executive Managers

There are no other employees in the Credit Union considered as material risk takers.

The Credit Union has a set of remuneration bands for each level using the Financial Services Sector as a benchmark.

All employees are paid a fixed sum of remuneration within the designated remuneration band according to individual competence and performance. Typically, employees are paid between the minimum and mid-point of the remuneration band with the mid-point indicating an expected standard for a person who has the required level of knowledge, skills and experience to successfully meet the job requirements.

Total Employment Cost is comprised of a fixed salary and superannuation payments only. In addition, some positions are provided a motor vehicle as a tool of trade or a motor vehicle allowance.

The Chief Executive Officer and Executive Manager's have a variable component differentiated by performance. Performance is then measured and reviewed on a regular basis against the objectives, which include financial and non-financial metrics.

Remuneration is reviewed annually for all employees on the anniversary of their employment with the exception of the Chief Executive Officer and Executive Managers. The Chief Executive Officer and Executive Managers are reviewed annually to take effect on 1 July.

The remuneration policies are reviewed annually by the Remuneration Committees and no material changes have been made in the current financial year.

The remuneration of risk and compliance employees is determined through the job evaluation process. All remuneration movements are at the discretion of the Chief Executive Officer.

Remuneration is a fixed Total Employment Cost with exception of the Chief Executive Officer and Executive Manager's whom have a variable performance based component and there are no variables to consider when assessing remuneration risks. Annual salary increases are based on national economic indicators such as CPI, Wage Price Index and industry benchmarks for the Finance Sector and the SCCU Enterprise Agreement.

A balanced scorecard of corporate level qualitative and quantitative indicators is used to assess business and individual performance. Senior Managers with the Chief Executive Officer are paid a fixed salary within the remuneration band for their position based on skills and knowledge, market considerations, retention and sustained performance.

The Chief Executive Officer's and Executive Manager's total remuneration package includes a performance linked annual bonus being a variable component of remuneration. The determination of the performance bonus is a discretionary process based on various performance metrics including financial and non-financial metrics. Financial metrics include profitability, growth targets, new customer acquisitions and performance ratios. Non-Financial metrics includes a detailed peer qualitative assessment of the CEO by all Board members and other reports including succession planning, customer advocacy and employee engagement. In determining the payout under any component of variable pay, the Credit Union adopts, as policy, the use of discretion to assess the extent to which performance has been achieved rather than applying a set target, by its nature, may encourage inappropriate or undue risk taking. The variable component is further divided into a short term incentive (STI) of 75% of the amount payable and 25% is a long term incentive (LTI) being deferred to the end of a three year planning term. If at the end of three years, the business objectives are met, the LTI is paid to the Executive Team, otherwise the total amount deferred is forfeit. The payment of performance-based component of remuneration entirely discretionary by the Credit Union and any discretionary remuneration payments are to be authorised by the Board. Prior to authorising and making any discretionary remuneration payments, the Company must be in a position where it can reasonably afford the payments.

The Credit Union does not provide for deferred remuneration other than the LTI component deferred for 3 years as part of the Executive Incentive Scheme. As a mutual institution, the Credit Union does not provide equity, or equity linked forms of remuneration.

The Board Remuneration Committee met once during the year. The Board Remuneration Committee members do not receive any payment in addition to their remuneration as a Director of the Credit Union.



## QUANTITATIVE DISCLOSURES

Total Director Remuneration including all fees, allowances, superannuation paid during the 2020 financial year.

\$174,120

The table below presents the number of employees who received variable remuneration, guaranteed bonuses, sign-on or severance payments during the financial year. Variable remuneration refers to the short-term incentive and long-term incentives, which applies to all four senior managers as part of this disclosure. :

Variable Remuneration, guaranteed bonuses, sign-on award and severance payment	2020	
	No of Employees	Total (\$)
Guarantee bonuses	0	0
Sign-on award	0	0
Termination payments ***	0	0
<b>Total</b>	<b>0</b>	<b>\$0</b>

\*\*\* Includes termination and severance payments beyond the standard legal entitlements for accrued annual and long service leave.

The total amount of outstanding deferred<sup>####</sup> remuneration, split into cash, shares and share-linked instruments and other forms.

	Outstanding	Paid this Year
• Cash - based ^^	\$32,084	0
• Shares and share-linked instruments	0	0
• Other	0	0

The table below presents total value of remuneration awards for senior staff:

Total value of remuneration awards for the current financial year	Unrestricted	#### Deferred
<b>Fixed remuneration</b>		
• Cash - based ^^	\$1,099,670	0
• Shares and share-linked instruments	0	0
• Other	0	0
<b>Variable remuneration</b>		
• Cash - based ^^	\$36,212	\$12,071
• Shares and share-linked instruments	0	0
• Other	0	0
<b>Total</b>	<b>\$1,135,882</b>	<b>\$12,071</b>

^^ Remuneration includes all payments made and accrued during the last financial year, including superannuation paid by the credit union, fringe benefits tax and legal entitlements to termination payments for accrued annual and long service leave.

#### Deferred remuneration is the long term component of the Executive Incentive Scheme whereby 25% of the annual performance linked bonus is deferred to align with the Credit Union 3 year strategic planning cycle and only paid if business objectives over the 3 year period have been met.