

REMUNERATION DISCLOSURES CPS330 Public Disclosure

FINANCIAL YEAR 2016-2017 Australian Settlements Limited

<u>QUALITATIVE DISCLOSURES</u>	
<p>(a.1) The name, composition and mandate of the main body overseeing remuneration:</p> <p>Australian Settlements Limited (ASL) Board HR & Remuneration Committee oversee the governance of remuneration. The Committee consists of three Directors, the majority of whom are independent.</p>	<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>
<p>(a.2) 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>Gente Consulting conducted an assessment for the HR & Remuneration Committee to assess and compare the Chief Executive Officer remuneration against the market in November 2016.</p>	<p>(b.2) 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 is reviewed annually by the ASL Board and was last reviewed in December 2016. No material changes were made during the last review.</p>
<p>(a.3) 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 HR & Remuneration Committee Charter</p>	<p>(b.3) A discussion of how the ADI ensures that risk and financial control personnel (as defined in paragraph 48(b) of 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>
<p>(a.4) A description of the types of persons considered as material risk takers and as senior managers as defined in paragraph 21 of the Prudential Standard, including the number of persons in each group.</p> <p>There are eight employees considered as senior managers, the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Chief Member Officer, Chief Innovation & Information Officer and Head of Strategy, Head of Corporate Services and Head of Settlements, that may impact the financial soundness of ASL.</p>	<p>(c.1) 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>
<p>(b.1) 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>	<p>(c.2) 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>

<p>(d)</p> <p>(e/f)</p> <p>(g)</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>Staff are subject to performance management reviews bi-annually. Remuneration, including bonuses, are in alignment with the outcome of these reviews.</p> <p>Remuneration is based on company wide KPI's, as well as individual role specific KPI's. These KPI's are assessed individually on a rating scale overseen by the individuals' supervisor or committee.</p> <p>Remuneration increases will only take place if ASL's overall performance is positive, and the individuals' performance is considered to be exceeding expectations.</p> <p>If the company performance is weak, no increases in remuneration will take place despite personal achievements of staff.</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 is paid after 12 months. All remuneration paid was cash only.</p> <p><u>QUANTITATIVE DISCLOSURES</u></p> <p>Number of meetings held by main body overseeing remuneration during the financial year, and the remuneration paid to its members.</p> <p>Two meetings of the HR & Remuneration Committee were held during the 2016-17 financial year. Total remuneration for the members was \$227,738.</p>	<p>(h.1) 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>(h.2) Number and total amount of guaranteed bonuses awarded during the financial year</p> <p>There are no guaranteed bonuses.</p> <p>(h.3) 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) Number and total amount of termination payments made during the financial year.</p> <p>One payment of \$49,998.</p> <p>(i) Total amount of outstanding deferred remuneration split into cash, shares and share-linked instruments and other forms.</p> <p>\$71,904, all cash.</p> <p>Total amount of deferred remuneration paid out in the financial year</p> <p>\$54,900, all cash.</p> <p>(j) Breakdown of remuneration for the financial year.</p> <p>See table 1 below.</p> <p>(k) 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 Board HR & Remuneration 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 \$71,094.</p>
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TABLE 1: SENIOR MANAGERS

Total value of remuneration awards for the current financial year	Unrestricted	Deferred
Fixed remuneration	\$1,537,862	Nil
Cash based	\$1,537,862	Nil
Shares and other	Nil	Nil
Variable remuneration	\$272,479	\$71,094
Cash based	\$272,479	\$71,094
Shares and share-linked	Nil	Nil
Other	Nil	Nil