

**APS 330 ATTACHMENT E**  
**REMUNERATION**

The Capricornian Ltd's Governance and Remuneration Committee is charged with the responsibility of overseeing remuneration for our organisation primarily ensuring that the Credit Union's Remuneration Policy and practices appropriately aligns remuneration and risk management in compliance with Prudential Standards CPS 510: Governance and PPG 511: Remuneration. The secondary role of the committee is to advise the Credit Union's Board in relation to the remuneration of non-executive directors. The composition of the Remuneration Committee is that it must consist of at least three (3) members; all members must be non-executive directors; a majority of the members must be independent and the Chair must be an independent director.

Objectives of the Credit Union's Remuneration Policy are

- To ensure that the Credit Union's remuneration arrangements align with its circumstances and advance the Credit Union's mission of serving its members
- To ensure that the Credit Union complies with The Prudential Standard in relation to its remuneration arrangements and, in particular, that performance based components of remuneration:
  - (i) encourage behaviour that supports the Credit Union's long-term financial soundness and its risk management framework
  - (ii) align with prudent risk-taking and incorporate adjustments to reflect:
    - the outcomes of business activities;
    - the risks of business activities including, where relevant, the cost of the associated capital; and
    - the time necessary for the outcomes of business activities to be reliably measured
  - (iii) do not compromise the independence of Risk and Financial Control personnel
- To ensure that the Credit Union complies with The Banking Executive Accountability Regime in relation to its deferred remuneration obligations (where applicable particularly);
  - (i) if an accountable person has failed to comply with his or her accountability obligations, the persons variable remuneration is to be reduced by an amount that is proportionate to the failure.
- To ensure that the Credit Union's remuneration arrangements align with and promote the successful completion of the goals identified within its Strategic Plan In particular that performance based components of remuneration encourage
  - (i) Increase Member Value;
  - (ii) Maintenance of appropriate financial position to ensure sustainability
  - (iii) Maintenance of required capital levels;
  - (iv) Development of the culture to achieve market differentiation;
  - (v) Development and implementation of an appropriate corporate social responsibility program

The Credit Union's Remuneration Policy is to be reviewed by the Governance and Remuneration Committee every 12 months to ensure that it operates in a manner consistent with the Board's requirements. The Remuneration Policy was last reviewed in June 2022 resulting in no significant changes being made. The Credit Union's compliance with the Remuneration Policy is audited annually by the Credit Union's external auditor BDO Audit Pty Ltd.

Executive staff are considered as material risk takers according to the Credit Union's Remuneration Policy. Such staff include the Chief Executive Officer (CEO), persons who directly report to the CEO (excluding administrative staff reports), other persons whose activities may in the Governance and Remuneration Committee's opinion affect the financial soundness of the Credit Union, and any other person specified by APRA.

The design and structure of the Credit Union's Remuneration Policy is relatively simple with most of the Credit Union's employees being paid a wage for time worked in accordance with the *Banking, Finance and Insurance Award 2010 ("the Award")*. The Credit Union may choose to offer performance based remuneration to employees covered by the Award in certain circumstances, however in any situation the payments of any such performance based remuneration is at the discretion of the Credit Union depending on the circumstances at the time.

The Credit Union recognises the special position of its risk and financial control personnel in carrying out their functions particularly in implementing and monitoring the Credit Union's Risk Management System. To avoid the independence of these personnel in carrying out their functions being compromised it is the policy of the Credit Union that performance based remuneration is not paid to executive, finance or compliance and risk management staff with the exception of the Chief Executive Officer who is not paid significant performance based remuneration. Remunerations are independently reviewed and recommendations are forwarded to the Remuneration Committee for endorsement.

Remuneration progression at the Credit Union is assessed in accordance with the *Banking, Finance and Insurance Award 2010* and linked to individual key performance indicators for staff members including top-level business lines and departments as set by the relevant Executive Manager for staff and the Governance and Remuneration Committee for key staff.

The Credit Union's remuneration process considers the McGuirk Mutual Remuneration Survey as an industry benchmark when determining salary ranges for remuneration payments. The Capricornian Ltd does not offer variable or deferred remuneration. All remuneration is cash based remuneration, including superannuation payments.

	2021-2022	2020-2021
Number of meetings held by the Governance and Remuneration Committee during the financial year	2	2
Total remuneration paid to the members of the Governance and Remuneration Committee during the financial year	Nil	Nil
The number of persons having received a variable remuneration award during the financial year	1	1
The number and total amount of guaranteed bonuses awarded during the financial year	-	Nil
The number and total amount of sign-on awards made during the financial year	-	Nil
The number and total amount of termination payments made during the financial year	-	Nil
The total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	Nil	Nil
The total amount of deferred remuneration paid out in the financial year	Nil	Nil
The breakdown of the amount of remuneration awards for the financial year in accordance with Table 18A below to show:		
- fixed and variable;		
- deferred and non-deferred; and	See Table 18A	See Table 18A
- the different forms used (cash, shares and share-linked instruments and other forms)		
Quantitative information about persons' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. malus, clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:		
- total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments	Nil	Nil
- total amount of reductions during the financial year due to ex post explicit adjustments	Nil	Nil
- total amount of reductions during the financial year due to ex post implicit adjustments	Nil	Nil

**TABLE 18A: Total value of remuneration rewards for senior managers/material risk-takers**

Total value of remuneration awards	2021-2022		2020-2021	
	Unrestricted	Deferred	Unrestricted	Deferred
Fixed remuneration				
- Cash-based	\$950,219	n/a	\$942,741	n/a
- Shares and share-linked instruments	n/a	n/a	n/a	n/a
- Other	\$98,478	n/a	\$97,666	n/a
Variable remuneration				
- Cash-based	\$7,123	n/a	\$15,500	n/a
- Shares and share-linked instruments	n/a	n/a	n/a	n/a
- Other	n/a	n/a	n/a	n/a