

Charter Name:	Board Governance & Remuneration Committee
Approver / Custodian:	Board / Company Secretary
Review Date / Cycle / Reviewer:	February 2023 / Every two years or as required / Company Secretary
Previous (Last) Review Date:	December 2021

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Notes

Applies to	Members of Board Governance & Remuneration Committee
Reason for Charter	The Corporations Act and APRA's Prudential Standard CPS 510 (November 2022) state that the Board of Directors (the Board) of a regulated institution is ultimately responsible for the oversight of the sound and prudent management of the regulated institution. The Board has established standing Committees to assist the Board's decision making, supervision and control of the organisation with respect to audit, governance and risk matters.
Charter Summary	This document sets out the objectives, membership, responsibilities and authority of Cuscal's Board Governance and Remuneration Committee.

Document Version Control

Version	Date	Comments
V1.0	Pre June 2011	
V2.0	June 2011	
V3.0	June 2012	Reviewed
V4.0	June 2013	Reviewed
V5.0	June 2014	Reviewed
V6.0	June 2015	General Review and update providing change to review cycle from annual to two (2) yearly.
V7.0	June 2017	Periodic review, changes were made to the cover page and footer.
V8.0	June 2019	General review and update to conform with APRA's Prudential Standard CPS 510, Governance (July 2019).
V9.0	December 2021	Biennial review and updates to align with Constitutional amendments made on 28 July 2021 and approval of the Board Nominations Committee Charter.
v10.0	February 2023	General review





1. Objectives

The main objectives of the BGRC are to:

- ❑ assist the Board in promoting and implementing improved governance practices within Cuscal and its controlled entities, including developing and reviewing policies on remuneration and governance for Cuscal;
- ❑ review and recommend to the Board the Company's ESG strategy, initiatives, and policies including providing input and guidance with respect to communications with employees, investors, and other stakeholders, as appropriate, regarding the Company's position on or approach to ESG matters;
- ❑ undertake the responsibilities required of a Board Remuneration Committee under CPS 511;
- ❑ undertake and recommend to the Board the appointment of the Managing Director and succession planning of the Managing Director;
- ❑ undertake and recommend to the Board the annual Managing Director's performance review, fixed and variable remuneration;
- ❑ be consulted by the Managing Director with respect to appointments, terminations, annual performance reviews, fixed and variable remuneration, and succession plans of the Leadership Team;
- ❑ oversee Board composition, size and strategic function; and
- ❑ co-ordinate the performance evaluation, professional development and succession planning of the Board, Board Committees and individual Directors.

2. Membership

The BGRC shall comprise at least three members, one of whom is the Chairman of the Board, and all of whom are Non-Executive Directors. A majority of the BGRC members shall be independent.

Collectively, the BGRC members are expected to have experience in setting remuneration and sufficient industry knowledge to allow for effective alignment of remuneration with prudent risk-taking.

The Chairman of the Board will also be the Chairman of the BGRC, unless otherwise determined by the Board from time to time. The Chairman of the BGRC must be an independent Director.

Members of the BGRC may be appointed and removed by the Board.

3. Meetings

3.1. Frequency

The BGRC shall hold at least four meetings per year and such additional meetings as the Chairman shall decide. A quorum shall consist of a majority of BGRC members.

3.2. Attendees

The Managing Director will be an attendee at the BGRC meetings, except in relation to discussion on matters affecting their own remuneration or performance, or any other matters where a conflict may exist.

The Company Secretary and Chief People Officer will also be standing attendees, and other Leadership Team members or Senior Management may be invited as required.





3.3. Reporting

A verbal report is to be provided to the immediate next Board meeting, along with any recommendations made by the Committee.

Cuscal's annual report shall include a statement describing the responsibilities and activities of the BGRC, the number of times the BGRC met and the individual attendance by members at BGRC meetings.

3.4. Minutes

The Company Secretary will keep minutes of meetings in the standard Cuscal format. The draft minutes are to be approved by the BGRC Chairman and circulated to all BGRC members in a timely manner and included in the papers for the next BGRC and Board meeting.

4. Responsibilities

The BGRC shall consider any matters relating to the policy and practice of corporate governance and remuneration within the Cuscal Group that it determines to be appropriate. Specific responsibilities are set out in this section 4.

4.1. Corporate Governance

The BGRC shall:

- ❑ Monitor corporate governance developments and bring to the Board's attention matters of importance and recommendations for improvement leading to best practice corporate governance.
- ❑ Review and recommend to the Board policies, guidelines and strategies relating to governance, including the Governance Framework, and monitor their effectiveness.
- ❑ Oversee the development of Cuscal's Environmental, Social and Governance (ESG) Framework and recommend to the Board ESG strategy, policies and targets.
- ❑ Consult with the Board Risk Committee on ESG risk issues and reporting against ESG obligations.
- ❑ Monitor compliance with the Governance Framework, Board policies relating to governance and any additional regulatory governance requirements.
- ❑ Ensure that an appropriate framework exists to promote ethical and responsible behaviour.
- ❑ Make recommendations in relation to disclosure of information to shareholders.
- ❑ Review and recommend to the Board the Corporate Governance Statement.
- ❑ Consider any other matter relating to governance which the Board or the BGRC considers necessary.

4.2. Remuneration Matters

The BGRC shall:

- ❑ Undertake the responsibilities required of a Board Remuneration Committee under FAR, CPS 510 and CPS 511.
- ❑ Ensure that a written Remuneration Policy is established and maintained.
- ❑ Conduct periodic reviews of, and make recommendations to the Board on, the Remuneration Policy, particularly with respect to its effectiveness and compliance with CPS 511.
- ❑ Review and recommend annually to the Board the fixed and variable remuneration components, including incentive arrangements, of:





1. the Managing Director;
 2. the Leadership Team;
 3. other persons whose activities may affect the financial soundness of the institution;
 4. any other person specified by the Regulator; and
 5. any other categories of persons covered by the Remuneration Policy.
- ❑ Consult with the Board Risk Committee regarding risk hurdles when considering variable remuneration outcomes.
 - ❑ Review and approve materials that are to be publicly disclosed by Cuscal in connection with the matters in this section 4.2.

4.3. Managing Director and Direct Reports Selection, Appointment and Evaluation

The BGRC shall:

- ❑ Implement a suitable recruitment process to enable a recommendation to be made to the Board for the appointment of the Managing Director. Such a process may be undertaken by a separately constituted Board Committee with a different membership to the BGRC.
- ❑ With respect to the Managing Director, undertake and recommend to the Board:
 1. the annual performance review including annual assessment of objectives and key results;
 2. the annual succession plan update; and
 3. any contract review matters.
- ❑ Be consulted by the Managing Director with respect to appointments, terminations, annual performance review, annual fixed and variable remuneration and succession plans for the other members of the Leadership Team.

4.4. Board Composition, Director Selection and Performance

The BGRC shall:

- ❑ Make recommendations to the Board regarding the Board's composition and size.
- ❑ Be the custodian of the Skills Matrix and maintain and periodically review the Skills Matrix so that it reflects the desired skills and experience that are necessary for the Board to be an effective decision-making body for Cuscal.
- ❑ Consider the collective Board's skills, experience and diversity at appropriate intervals and recommend the desired skills, experience and diversity for potential Board candidates as noted in the Selection Framework for Board Members.
- ❑ Oversee recruitment of potential Board candidates, including appointing an external recruitment specialist (if required).
- ❑ Oversee the Board nominations process, including ensuring shareholders are notified required by the Board Charter and making recommendations to the Board regarding election of Directors in accordance with the Constitution.
- ❑ Oversee the conduct of the annual performance review of the Board as a whole, individual Directors, the Committees, the Board and Committee Chairs, including appointing an external provider (if required).
- ❑ Measure, monitor and make appropriate recommendations to the Board with respect to Directors' performance and remuneration having regard to the effectiveness of the Board in implementing Cuscal's strategic objectives.
- ❑ Oversee development of, and monitor progress against, the Board's goals.





- ❑ Oversee the development and implementation of induction of new Directors and ongoing professional development training of all Directors.

4.5. Fit and Proper appraisals

The BGRC shall:

- ❑ Assist the Board in fulfilling its oversight responsibility to stakeholders by ensuring that the Board comprises individuals best able to discharge the responsibilities of Directors of an ADI.
- ❑ Consider any matters relating to the fitness and propriety of Directors and Senior management, with reference to the Board's Fit and Proper Policy, CPS 510 and CPS 520.
- ❑ Determine the appropriate action to be taken where a person is found not to be Fit and Proper.

4.6. Other

The BGRC shall:

- ❑ Advise the Board on policy proposals as they relate to the BGRC.
- ❑ Review compliance with the prudential regulation requirements from the Regulator in relation to the BGRC's activities.
- ❑ Review this Charter every two years or more frequently as required. Recommended changes to this Charter will be subject to Board approval.
- ❑ Complete an annual evaluation of its performance in meeting the requirements of this Charter unless such an evaluation has been incorporated in the annual Board performance review.
- ❑ Approve the annual budget for Board related expenditure.
- ❑ Assist the Board with the scheduling of regular stakeholder networking events.
- ❑ Be the liaison point with the Managing Director on Board operations.
- ❑ Undertake any other duties as delegated by the Board.

5. Authority and Access

The Cuscal Board authorises the BGRC to:

- ❑ Perform activities within its Charter and to the extent of any inconsistency, this Charter should be read subject to the requirements of CPS 510.
- ❑ Have access to relevant employees, via the Managing Director or Senior management.
- ❑ Have access to the Company Secretary.
- ❑ With respect to remuneration matters, have free and unfettered access to risk and financial control personnel and other relevant parties (internal and external).
- ❑ Obtain outside legal or other professional advice to assist in undertaking its responsibilities, particularly in relation to remuneration matters, the BGRC must ensure that any such advice received is independent. Accordingly, advisors so engaged should preferably not be a member of a Cuscal advisor panel (if there is one) or an insurer's advisor panel unless the BGRC determines that the preferred adviser is able to provide independent advice.
- ❑ Carry out investigations on behalf of the Board.





6. Relationships

The BGRC will work with other Board Committees to review implementation of appropriate governance practices, policies and processes.

BGRC members must be available to meet with a Regulator on request.

7. Glossary

ADI	Authorised deposit-taking institution under the Banking Act 1959
APRA	Australian Prudential Regulation Authority
BGRC	Board Governance and Remuneration Committee
Corporate Governance Statement	Available on Cuscal's website
CPS 220	APRA Prudential Standard CPS 220 Risk Management, July 2019
CPS 510	APRA Prudential Standard CPS 510 Governance, July 2019
CPS 511	APRA Prudential Standard CPS 511 Remuneration, August 2021
CPS 520	APRA Prudential Standard CPS 520 Fit and Proper, July 2019
Corporations Act	Corporations Act 2001 (Cth)
Banking Act	Banking Act 1959 (Cth)
Board	The Board of Directors of Cuscal
Cuscal	Cuscal Limited ACN 087 822 455
Cuscal Group	Cuscal and each of its Related Bodies Corporate.
Director	A Director of Cuscal
FAR	Financial Accountability Regime
Leadership Team	The Managing Director and direct reports of the Managing Director
Management	Cuscal's management-level staff
Non-Executive Directors	Directors other than the Managing Director
Regulator	Refers to APRA or Australian Securities and Investments Commission (ASIC)
Related Body Corporate	has the same meaning given in the Corporations Act
Selection Framework	The Selection Framework for Board members at Appendix A of the Board Charter
Senior management	Senior management is a term used in the Corporations Act, CPS 220, CPS 510 and CPS 520. Senior manager is defined in CPS 520, paragraph 19 to include managers reporting directly to the chief executive officer and those responsible for key aspects of risk management.





	<p>Senior management in this document includes the Leadership Team and extends beyond it to persons who make, or participate in making, decisions that affect the whole, or a substantial part of the business, or have the capacity to affect significantly the corporation's financial standing (s.9 of the Corporations Act).</p> <p>For example: Leadership Team, Executive Group/Team, Management.</p>
Skills Matrix	Means the Board's skills matrix

