

Prudential Standard CPS 511 Remuneration Disclosure

Financial Year Ending 30 June 2025



Introduction

This document has been prepared in accordance with the remuneration disclosure requirements for Authorised Deposit-taking Institutions, as prescribed in the Australian Prudential Regulation Authority (APRA) Prudential Standard CPS 511 for. The disclosure relates to the financial year 1 July 2024 to 30 June 2025.

Governance of Remuneration Framework

The remuneration practices of Newcastle Greater Mutual Group Ltd (NGM Group) are overseen by the NGM Group Board and, under delegation, the People, Culture & Remuneration Committee (PCR Committee), which is a standing Committee of the Board.

The PCR Committee assists the NGM Group Board by providing objective review and oversight of people and remuneration related policies, frameworks and practices.

The PCR Committee must consist of not less than three members and meets at least three times each calendar year. During this reporting period, the PCR Committee met three times, July 2024, September 2024 and February 2025.

The role and responsibilities of the PCR Committee are outlined in the Committee charter, which is reviewed by the PCR Committee at least every two years and recommended to the Board for approval.

During this reporting period, the members of the NGM Group Board were:

- Mr Wayne Russell (Chair, retired November 2024)
- Ms Samantha Martin-Williams (appointed Chair, November 2024)
- Mr Jeffrey Eather (retired November 2024)
- Ms Nicola Janine Page
- Ms Catherine Anne Robson
- Ms Donna-Maree Vinci
- Mr Rodney Jackson
- Mr Darren Turner (appointed October 2024)



During this reporting period, the members of the PCR Committee were:

- Ms Samantha Martin-Williams (Committee Chair until November 2024)
- Ms Donna-Maree Vinci (Committee Chair from November 2024)
- Mr Jeffrey Eather (retired November 2024)
- Ms Nicola Janine Page

No significant changes were made to the Remuneration Framework during the reporting period: however, minor changes were made to NGM Group's Remuneration Policy to ensure it remained fit-for-purpose and compliant with changes in legislative and regulatory requirements. These included:

- In July 2024 the Remuneration Policy was reviewed by the PCR Committee and amended to include a clearer process for enacting consequence management for Accountable Persons (where required). These amendments were subsequently approved by the Board; and
- In February 2025 the Remuneration Policy was reviewed by the PCR Committee to incorporate regulatory changes. These amendments were also subsequently approved by the Board.

In accordance with the NGM Group Board Charter, the NGM Group Board is responsible for:

- ensuring NGM Group's Remuneration Policy and its performance and consequence management frameworks are aligned to NGM Group's purpose, strategic agenda, behaviours, values, and risk appetite, applicable laws and regulations, and community expectations; and
- approving all remuneration arrangements, including remuneration deferrals and consequence management outcomes and termination payments.

The PCR Committee is responsible for discharging its duties and responsibilities in accordance with the Committee Charter, including by:

- defining and recommending remuneration principles and strategic objectives for remuneration frameworks and overseeing these frameworks;
- reviewing and recommending to the Board the Remuneration Policy and assessing effectiveness and compliance;
- reviewing the remuneration structures for specified roles outlined in the Remuneration Policy (Specified Roles);
- reviewing and recommending to the Board:



- remuneration arrangements for the CEO, Executives and other Specified Roles, including performance outcomes and MD&CEO and Executive termination payments, malus and clawback;
- performance frameworks, variable remuneration plans and other material benefits;
- the annual discretionary short-term variable remuneration pool;
- long-term variable remuneration awards for eligible employees, including vesting; and
- monitoring the effectiveness of recognition programs in line with the Remuneration Policy.

The Audit Committee and Risk Committee, both standing Committees of the NGM Group Board, provide a report to the PCR Committee on any audit outcomes or risk matters that warrant consideration by the PCR Committee in recommending variable remuneration awards or other outcomes to the Board.

The Audit Committee and Risk Committee's reporting to the PCR Committee is informed by factual reporting from the Head of Internal Audit and Chief Risk Officer, respectively, on relevant audit and risk matters.

The PCR Committee and/or Board may, when appropriate, engage independent external remuneration consultants to inform design and uplift of the remuneration framework. During the reporting period:

- The PCR Committee engaged Guerdon Associates to provide advice and benchmarking in relation to the appointment of NGM Group's Chief Executive Officer, Ms Bernadette Inglis, as NGM Group's Managing Director & Chief Executive Officer, effective 1 July 2025.
- The Chief People and Culture Officer engaged Ian Hall and Associates to complete a review of NGM Group's Variable Reward Model.

Remuneration Framework

People are at the centre of the NGM Group's business and are critical to the execution of the NGM Group's strategy, and the delivery of positive experiences and outcomes for our customers. Ensuring that the NGM Group has the appropriate skills, capability and capacity is central to the effective



management of both financial and non-financial risks and achieving sustainable performance.

In turn, NGM Group is committed to remunerating its employees in a manner that is market competitive, consistent with good practice, rewards a behaviours-first and high performing organisational culture, and supports the interests of customers.

NGM Group's Remuneration Framework and practices:

- reflect NGM Group's strategy, values and customer interests;
- recognise the importance of behaviours and positive risk outcomes;
- recognise the role of financial and non-financial drivers for long-term success;
- support the risk management framework, an appropriate risk culture and employee conduct by rewarding positive performance and promoting prudent behaviours;
- drive long-term organisational performance in line with the strategy and business objectives;
- are simple, transparent, fair, and easy to communicate;
- are market competitive to enable the attraction and retention of talent; and
- reflect legislative and regulatory requirements.

NGM Group's Remuneration Framework consists of the following components:

- fixed salary (base and superannuation);
- short-term cash incentive based on performance;
- long term cash incentive based on performance (Executive Team Only); and
- from time to time, any other forms of variable remuneration such as retention payments.

In keeping with appropriate remuneration practice and to support NGM Group's long-term financial soundness, the NGM Group PCR Committee and Board ensures that the payment methodology, assessment process and any performance based variable rewards are designed to align remuneration with prudent risk-taking and the outcomes of business activities.

Remuneration Policy

The principal objective of the NGM Group Remuneration Policy is to ensure the attraction, retention and motivation of high-quality people required to lead and manage the organisation, while adhering to sound risk management and governance principles.



The Remuneration Policy applies to persons who are:

- directly employed by NGM Group;
- retained directly by NGM Group under contract; or
- employed by, or as a contractor of, an APRA-regulated subsidiary of NGM Group.

The Remuneration Policy does not extend to Non-Executive Director remuneration, which is separately outlined in the NGM Group Constitution.

NGM Group does not have any foreign subsidiaries or branches.

Specified Roles

NGM Group's "senior managers" and "material risk takers" as defined in paragraph 20 of CPS 511 comprised the following 11 personnel:

- Chief Executive Officer;
- Chief Customer & Digital Innovation Officer;
- Chief Distribution Officer - NGM Group;
- Chief Financial Officer;
- Chief Information Officer;
- Chief Operating Officer;
- Chief People & Culture Officer;
- Chief Risk Officer;
- Chief Strategy & Governance Officer;
- Head of Internal Audit; and
- Treasurer.

NGM Group does not consider any other employees to be "material risk takers".

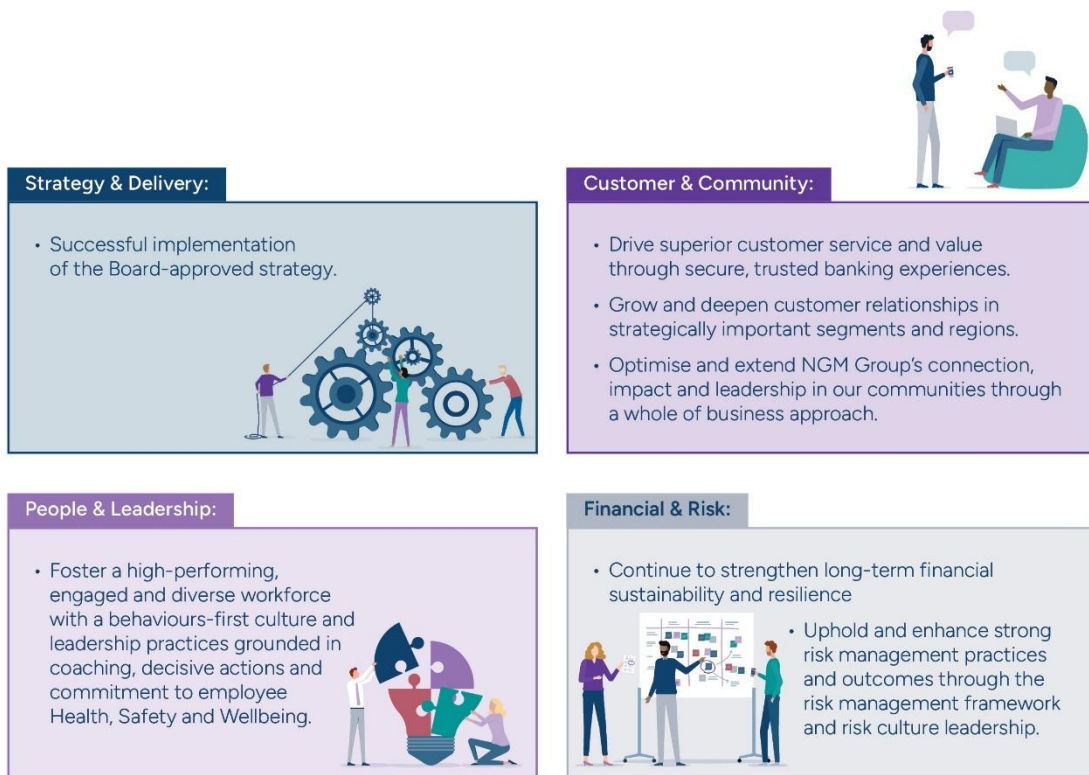
Aligning Remuneration to Performance

NGM Group aims to align the interests of its employees with those of its customers by remunerating through performance based variable reward plans (Short-Term Incentives) in addition to their Fixed Remuneration.

All NGM Group Short-Term Incentives are linked to the Organisational Strategy via the Organisational Scorecard. NGM's performance Scorecard is approved by the Board prior to being cascaded throughout the organisation via the *Thrive*, NGM Group's performance management process based on Executive accountability, with no scorecard holding material weight to financial metrics.



The NGM Group organisational scorecard is comprised of the following non-financial (70-75%) and financial (25-30%) measures:



NGM recognises the importance of not only what employees do, but how they do it. To be eligible to receive a Short-Term Incentive all employees must receive at least a Meets Expectations Outcome in both the:

- Behaviours and Values Assessment; and
- Individual Performance Assessment.

The Behaviours and Values Assessment considers whether an employee has exhibited a “behaviours first approach”, in line with NGM Group’s values in pursuit of achieving individual and company objectives and is equally weighted against the performance assessment.

Additionally, to support a one team culture and collaborative work environment, all variable rewards have a weighted Company Performance component, which is proportionate to the role’s individual level of influence over company outcomes within the organisation.



Assessment of Company Performance

At the conclusion of the performance period, organisational performance is assessed against the Board approved Organisational Scorecard by the Board.

The Board, utilising its absolute discretion, then determines if it's appropriate to approve the release of funds for payment Variable Rewards.

Variable Remuneration for Risk and Financial Control Personnel

Risk and financial control personnel are entitled to participate in Variable Remuneration arrangements. The remuneration mix for line 2 and 3 risk and financial control personnel consists of a higher proportion of Fixed Remuneration to Variable. Variable Remuneration for risk and financial control personnel is paid where a clear contribution to successful outcomes for NGM Group is demonstrated.

Design of variable remuneration plans for specified roles

NGM Group Executives are eligible to participate in both short-term and long-term incentive plans with performance criteria set specific to their individual roles and accountabilities.

Other NGM Group specified roles are eligible to participate in NGM Group's wider staff incentive plan, with assessment criteria aligned to their unique contribution to the NGM Group.

Allocation and payment of variable rewards are at the sole discretion of the Board. The Board considers the recommendations of the PCR Committee, as informed by the reporting of the Audit and Risk Committees, to determine remuneration and variable reward outcomes and inform its exercise of discretion (both positively and negatively).

Deferrals and adjustments

NGM Group defers variable remuneration for those in specified roles in accordance with CPS 511 and BEAR (FAR FY26 onwards), ensuring the more stringent rules are applied.

During the deferral period and at vesting, the performance of persons to whom deferral applies will be assessed. If the person has failed to comply with his or her obligations, or other issues or failures arise which warrant the Board's exercise of such discretion, the person's deferred variable remuneration will be subject to consequence management and reduced by an amount proportionate to the failure (and may be a reduction down to zero).



A reduction in variable remuneration can also occur outside of the period in which the failure occurred.

For Specified Roles, the Board retains overriding discretion including to:

- vary an employee's Variable Remuneration opportunity or remuneration outcome downwards (including to nil) (malus); and/or
- require an employee to repay some or all of any variable remuneration payment paid;
- to the employee with respect to any or all of the preceding three financial years (clawback).

Consequence Management

The Consequence Management (CM) Framework is designed to assist NGM Group align remuneration with risk and conduct incidents, including to assess:

- where a downward Variable Remuneration adjustment (malus) or repayment of Variable Remuneration (clawback) is appropriate; and
- the downward adjustment or clawback appropriate to be applied which is proportionate to the severity of the risk and conduct outcome.

The guiding principles of NGM Group's Consequence Management Framework are that:

- All Variable Rewards are performance based, with positive and negative performance implications having a direct impact on Variable Reward Outcomes.
- Consequence Management can be utilised following a material matter concerning any employee. In line with NGM's Performance Management Framework *Thrive*, an employee is notified immediately following the event if the event may impact their Variable Reward.
- In line with CPS 511, there are specific Consequence Management Outcomes, such as Remuneration Adjustments, for accountable persons.
- At conclusion of the Performance Year, a cumulative review of material matters is conducted to establish what impact this has on Variable Reward.

Remuneration Adjustments (drawdown, malus, claw back) are applied where an accountable person has breached their accountability requirements and/or based on the Board's endorsed accountability of the employee for material events. This includes situations such as, but not limited to:

- misconduct leading to significant adverse outcomes;
- a significant failure of financial or non-financial risk management;



- a significant failure of breach of accountability, fitness and propriety, or compliance obligations (as relevant to the individual);
- a significant error or significant misstatement of criteria on which the Variable Remuneration determination was based; or
- significant adverse outcomes for customers, beneficiaries or counterparties

NGM Group's Consequence Management Framework is applied through a four-step process:

Identification

A material event that requires consequence management is identified either in performance period or relating to performance during a period with a deferred variable remuneration.

Assessment

Material events will be assessed in terms of High, Medium and Low impact on two scales:

- a) severity of the impact; and
- b) individual's degree of accountability for the matter.

Consequence management outcomes will then be determined, utilising the Relevant Matters Matrix.

Board Approval

The determined Consequence Management Outcome will be presented to the NGM Group Board for approval.

Application

Once approved, the consequence management outcome will be actioned accordingly.

Dependent on the material event, consequences can range from reduction in variable remuneration down to zero, formal warning, termination with or without notice and regulator notification.