APRA Prudential Standard CPS511 Remuneration

Disclosure Statement 2025 – RACQ Group

Basis of preparation

The Remuneration Disclosure applies to the boards of The Royal Automobile Club of Queensland Limited (the 'RACQ Limited Board'), RACQ Insurance Limited, Club Insurance Holdings Pty Ltd (collectively, the 'Insurance boards'), Members Banking Group Limited and Club Finance Holdings Limited boards (collectively, the 'Bank boards') and all employees of RACQ.

The Remuneration Disclosure is prepared in accordance with the Group Performance and Remuneration Framework and the Group Remuneration Policy; both aligned with the Australian Prudential Regulation Authority (APRA) Prudential Standard CPS 511 Remuneration Disclosure (CPS 511).

The Remuneration Disclosure is effective as at 30 June 2025.

Governance and Oversight

- The RACQ Limited Board, supported by the People and Purpose Committee and the Executive Remuneration Committee (ERC), oversees remuneration governance across all RACQ entities, including APRA-regulated subsidiaries.
- The purpose of the People and Purpose Committee (the 'Committee') is to assist the boards to ensure the RACQ Group has appropriate remuneration, people, nomination and sustainability frameworks, policies and practices that creates an organisational culture in accord with RACQ's values and has consideration of material matters that would impact on the award of variable remuneration payments.
- The relevant purpose of the RACQ Group, Banking and Insurance Risk and Compliance Committees (RCC) is to assist the boards by providing an objective oversight of the implementation and operation of RACQ's risk management frameworks to satisfactorily address the existing and emerging financial and non-financial risks of the RACQ Group. With regard to Risk Culture, the RCC supports the board in meeting its risk management obligations in respect to consideration of material conduct matters that would impact on the award of variable remuneration payments and referring considerations to the Committee.
- The relevant purpose of the RACQ Group, Banking and Insurance Audit Committees (AC) is to assist the boards by providing an objective review of the effectiveness of the RACQ's risk management framework, financial reporting and audit processes, inclusive of the internal controls and compliance. With regard to the financial and prudential requirements, provide a true and fair view of the

financial position and performance of the respective entity. The AC refers matters which may impact variable remuneration to the Committee.

- The Group Performance and Remuneration Framework is subject to comprehensive review by appropriately trained and competent persons (this may include external consultants) at least every three years to assess effectiveness.
- The Managing Director and Group Chief Executive Officer (MD&GCEO) and General Manager People & Culture are responsible for operational implementation and compliance of the Framework.
- The main board and committees that oversee remuneration and the number of meetings held by those bodies during the financial year are outlined in table 1 below:

Table 1

RACQ Limited	RACQ Bank	RACQ Insurance	Audit Committees	Risk & Compliance Committees	People & Purpose Committee	Executive Remuneration Committee
17	13	13	5	4	4	4

Framework Components Supporting CPS511

The Group Performance and Remuneration Framework (the Framework) provides a fair, transparent integrated system that:

- Aligns with our culture (including values and risk behaviours) to support the RACQ Group's purpose and achieve strategic objectives
- Ensures variable remuneration is designed to encourage behaviours that support the long-term sustainability of RACQ
- Creates meaningful and personal recognition experiences for our people
- Applies appropriate consequence in instances of employee poor performance, misconduct, or issues of non-compliance
- Fosters and promotes a culture of prudent risk-taking within the parameters of our Group Risk Management Framework
- Complies with legislative requirements and RACQ's commitment to enabling a culture which is collaborative, inclusive, sage and encourages employees to perform to the best of their abilities
- Remains competitive to changes in the external and internal environment.

The Framework is a component of the Risk Management Framework and comprises the following elements to ensure compliance and effectiveness:

- **Group Remuneration Policy:** Defines remuneration strategy and market alignment.
- The People and Purpose Committee reviews the Policy at least every two years and recommends it to the RACQ Limited Board, Club Insurance Holdings Pty Ltd, Members Banking Group Limited and Club Finance Holdings Limited boards (collectively, the 'Bank boards'). The Risk and Compliance Chair, a committee member, ensures risk matters are considered, with input from the Chief Risk Officer during reviews.
- **Group Performance Policy:** Governs performance, conduct, and behavioural expectations, including the Consequence Management Matrix.
- **Employee Recognition Procedure:** Recognises positive behaviours and achievements.
- **Managing Poor Performance and Misconduct Procedure:** Ensures fair handling of performance and conduct issues.
- **Performance Review Procedure:** Integrates performance reviews into strategic planning.
- **Group Incentive Scheme Standard:** Applies to salaried employees.
- **Frontline Incentive Scheme Standard:** Applies to frontline employees.

Remuneration Structure

- RACQ aims to provide market competitive remuneration targeting the midpoint of the external market, ensuring alignment with member interests, values business strategy and talent requirements. The Group Remuneration Policy aims to ensure a fair, just, equitable, and transparent approach while balancing priorities between members, sustainability, people and risk to support RACQ's 2032 strategic objectives.
- **Fixed Annual Reward (FAR):** Benchmarked to market midpoint (P50). Adjustments are performance-based and values-aligned.
- Group Executive salaries are set by the RACQ Limited Board, based on Committee recommendations. The Committee may engage external consultants for independent remuneration benchmarking.
- **Deferred Fixed Reward (DFR):** Deferred and at-risk component. Applies to senior roles and is contingent on behaviours, including audit, risk and compliance behaviours and alignment to RACQ's values.

- **Variable Annual Reward (VAR):** At-risk component supporting a performance culture and the application of discretionary effect by recognising and rewarding the achievement of key business outcomes at an individual and collection level, capped at 150% of target.
- VAR is designed to support the achievement of the business strategy and shall consider financial and non-financial risks that could materially impact RACQ's risk profile, sustainability and long-term soundness.
- The Committee, with input from the AC, RCC and the ERC Chair, assesses performance, member outcomes, and conduct. Recommendations on variable remuneration are adjusted based on risk and conduct behaviours, in line with RACQ's consequence management principles.
- The boards award the VAR of their Senior Managers on an individual basis, and the VAR of their Material Risk Takers and Risk & Financial Control Personnel on a cohort basis. Prior to awarding VAR, or releasing deferred VAR, the boards shall consider whether any circumstances have arisen which would warrant a downward adjustment to an award or payment. To inform the consideration information will be obtained from the ERC or any other RACQ Committee deemed appropriate.
- The Consequence Management Matrix, documented in the Group Performance Policy, provides guidance to the boards in the exercise of their discretion relating to the reduction of VAR proportionate to the severity and nature of an issue (including in the event of material breach of misconduct).

Overview of Senior Managers, Material Risk Takers and Risk & Financial Control Personnel

Table 2 outlines the definitions of these positions:

Table 2

Senior Managers	**Material Risk Takers**	**Risk & Financial Control Personnel**
Includes members of the Group Executive, other Accountable Persons and Responsible Persons of the Group.	Material Risk Takers are positions whose activities have the potential to have a material impact on the Group's risk profile, performance and long-term financial soundness.	Risk & Financial Control Personnel includes positions who have responsibility and accountability for activities that could have an impact on the risk profile, positions in risk management, compliance or internal audit function roles.

Deferral and Malus

- Incentives for senior roles are partially deferred for up to four years.
- The Committee and boards assess whether post-award conduct or risk events warrant withholding deferred remuneration (malus). Types of matters considered may include significant compliance breaches, regulatory investigations, internal audit issues or risk control failures, reputational risk or member impact.

Risk Management and Independence

- Variable remuneration for risk and financial control personnel is primarily based on non-financial measures to preserve independence and considered on a cohort basis.

Disclosure Commitment

- RACQ will make its remuneration disclosure publicly available each year, within six months after the end of the financial year, ensuring transparency and comparability.