



30 June 2025

Remuneration Report

Introduction

This Annual Remuneration Report is published in accordance with Australia's Prudential Standard cross-industry Prudential Standard (CPS) 511. It sets out how Prime Super Pty Ltd's (Prime Super, or Trustee) remuneration framework, governance, design, and outcomes operate to promote sound risk-taking, discourage misconduct, and support long-term sustainability.

This Report covers 1 July 2024 to 30 June 2025. As a non-Significant Financial Institution, it adheres to CPS 511 disclosures required within six months of the financial year-end.

Our remuneration policy is designed to be aligned with strategic objectives and risk appetite.

Remuneration Framework

Design and Structure

The design and structure of the remuneration framework is underpinned by Prime Super's job architecture and remuneration benchmarking and banding, as well as several policies that govern remuneration practices, including provisions for short and long-term incentive arrangements. These frameworks and policies collectively ensure alignment with organisational objectives and regulatory requirements. In addition, the remuneration process, for both employees and directors, is subject to an annual review to maintain fairness, competitiveness, and compliance.

The Trustee's remuneration and performance policies are reviewed by the Governance, Remuneration and Culture Committee (GRCC) and approved by the Board. The policies are reviewed biennially. Supporting the remunerations framework and policies is an Annual Remuneration Plan and Performance Management Policy.

The Trustee's remuneration framework applies to all its employees (permanent and fixed term) and any other individuals engaged under contract. The framework includes specific provisions for Specified Roles which include the following types of positions:

- **Executive Directors:** a director that is not a non-executive director. Prime Super did not have any Executive Directors in the 30 June 2025 financial year.
- **Senior Managers:** has the meaning given in Prudential Standard Superannuation Prudential Standard 520 Fit and Proper, including the CEO and Executive Team members.
- **Highly Paid Material Risk-Takers (HPMRTs):** Prime Super did not have any HPMRTs in the 30 June 2025 financial year.
- **Material Risk-Takers (MRTs):** a person whose activities have a material potential impact on the entity's risk profile, performance, long-term soundness, and performing its duties and exercising its powers in the best financial interests of beneficiaries. Prime Super did not have any MRTs other than Senior Managers in the 30 June 2025 financial year.
- **Risk and Financial Control Personnel:** means persons whose primary role is in risk management, compliance, internal audit, financial control or actuarial control. The Board has full discretion on the awarding of fixed and variable remuneration taking into account company and individual performance against KRA's and the RCG and consequences as outlined in the Risk and Conduct and Consequence Management Approach.

Alignment to Business Plan, Strategy and Risk Management Framework

The Trustee's remuneration and performance framework aligns to the Trustee's business plan, strategic objectives and risk management framework as follows:

- The CEO, executives and staff are performance assessed against various key results areas and target performance outcomes that are set in line with Prime Super's business plan and strategic objectives.
- All roles are mapped against the Prime Super career paths and salary banding framework, which is benchmarked annually.
- The remuneration structure is also designed to ensure that strategic decisions are made in the best financial interests of the Members and consider individual roles and responsibilities in contributing to the Trustee's strategy and objectives.
- Prime Super's remuneration policy ensures that any review of remuneration factors in:
 - performance review and risk outcomes;
 - employees' responsibility to uphold and contribute to Prime Super's culture, including prevention and mitigation of conduct risk and
 - effectiveness in the management of financial and non-financial risks.

Performance and KRAs (financial and non-financial)

In practice, Prime Super operationalises the requirement for both financial and non-financial measures through its annual performance cycle. This includes:

- Annual Performance Plans (goals) for all employees, approved at the commencement of the performance year, which include:
 - role-specific performance objectives aligned to the Business Plan and strategic priorities
 - clearly defined Key Result Areas (KRAs) that include both financial measures (e.g. delivery of business plan outcomes, efficiency, member outcomes) and non-financial measures (e.g. risk management, conduct, compliance, values-based behaviours).
- Executive and senior roles have explicit KRAs relating to risk management governance, compliance, and culture, consistent with their accountability obligations.
- Performance against these objectives is assessed at mid-year and again at year-end and informs remuneration outcomes, including eligibility for fixed remuneration increases and variable remuneration.

Management of financial and non-financial risks

The Trustee's remuneration framework promotes the effective management of both financial and non-financial risks, sustainable performance and long-term soundness as follows:

- The Trustee recognises that to discharge its obligations and grow the Fund, the Fund must be able to attract, motivate and retain Directors and staff who possess the relevant skills to meet Prime Super's business objectives.

- In addition, to achieve its goals in relation to executive staff, executive remuneration is also designed to:
 - Attract high performing talent relative to market availability
 - encourage executives to perform to their fullest capacity;
 - make the best strategic decisions in the best financial interests of the Members; and
 - encourage the proactive management of risks.

The Trustee's remuneration framework is linked to its performance review mechanism which includes consideration of mandatory risk-based key result areas..

Variable Remuneration – Short term Incentives

Variable remuneration exists in the form of a short-term incentive (STI) linked to individual and fund performance objectives and risk and conduct outcomes. Individuals' STI are calculated as a percentage of the individual's fixed remuneration and are subject to a Risk and Conduct Gateway (RCG) and/or pre-vest assessment, where applicable. The Trustee is also subject to variable remuneration deferment rules under the Financial Accountability Regime Act 2023 (FAR Act 2023).

The eligibility to be paid variable remuneration is included in the salary structure of most staff and is subject to a risk and conduct consequence management approach, a performance assessment against their balanced scorecard (including key result areas), calibrated by the executive and is subject to objectives approved by the Board, based on recommendations from the GRCC.

Staff remuneration is reviewed annually and recommended by the CEO to the GRCC who in turn recommends approval of relevant remuneration outcomes to the Board. The RCG must be satisfied to achieve an increase to fixed remuneration or to be eligible for variable remuneration. Variable remuneration, including STIs, can only be paid if individual and fund performance criteria are met.

Executive (excluding the CEO) and employee participation in STIs is approved in the annual remuneration plan for the specified period (financial year) by the Board via GRCC submission.

Variable remuneration payable to individuals in Specified Roles (based on the Prime Super career paths and job banding) on the following basis:

- individually for Senior Managers and Executive Directors; and
- on a cohort basis for Highly Paid Material Risk-Takers, other Material Risk-Takers and Risk and Financial Control Personnel.

There is no bonus structure (or other variable remuneration structure) applicable to the CEO.

In setting any variable component of remuneration for staff, the Trustee must ensure that the variable remuneration component aligns with the remuneration framework and incorporates:

- financial and non-financial risks that could materially impact the Trustee's risk profile, sustainable performance, long-term soundness, and those risks that could materially impact on performing its duties and exercising its powers in the best financial interests of Members;
- payout and vesting schedules that are commensurate with the possible range of risk and performance outcomes and that are sensitive to the time horizon of risk; and
- appropriate variable remuneration adjustment tools, which include but are not limited to overriding Board discretion at each decision point, in-period adjustments, malus and, where appropriate, clawback, which are supported by a downward-adjustments process:

- with clearly identified triggers to make a downward-adjustment;
- that determines the appropriate adjustment tools to use; and
- that determines the amount of downward-adjustment, proportionate to the severity of risk and conduct outcomes, to nil if appropriate.

Integration of risk and conduct into remuneration outcomes

In practice, risk and conduct considerations are embedded into remuneration decisions through:

- the Risk and Conduct Gateway, which must be satisfied before any fixed remuneration increase or variable remuneration outcome is confirmed
- pre-vest assessments for variable remuneration, considering financial and non-financial risk events, conduct matters, and adherence to Prime Super values
- input from Risk and Compliance functions to ensure risk outcomes are appropriately reflected in remuneration decisions.
- Values and conduct expectations must also be satisfied or exclude an individual from remuneration increase or incentive considerations.

The Board may also adjust the amount of any bonus, in relation to relevant persons or classes of persons, in the event of any of the following:

- misconduct leading to significant adverse outcomes;
- A significant failure of financial or non-financial risk management;
- A significant failure or breach of accountability, fitness and propriety, or compliance obligations;
- A significant error or a significant misstatement of criteria on which the variable remuneration determination was based; or
- Significant adverse outcomes for Members.

Or if the Board considers such adjustments are necessary:

- to protect the Fund's financial position or for the purposes of any other relevant prudential matter; or
- to respond to significant unexpected or unintended consequences that were not foreseen by the GRCC or Board.

The Trustee does not offer any long-term incentives.

Consequence Management Framework

Relevant risk-related incidents are subject to an assessment using the Risk and Conduct Consequence Management Approach. The Risk and Conduct Consequence Management Approach guides the Risk and Conduct Gateway Working Group (RCWG) in recommending the consequences that are proportionate to the severity of material adverse risk and conduct outcomes.

The RCG determines an individual's eligibility for variable remuneration and fixed remuneration increase. A pre-vest assessment will be undertaken to determine whether any misconduct and/or risk-related financial and non-financial incidents have occurred that may require exclusion or downward adjustments of variable remuneration. In this context, a risk-related incident is defined as any event that has occurred that is considered to meet any of the five types outlined in CPS 511.

The amount of the adjustment will be determined by the Board on recommendation from the RCWG and the GRCC, considering the nature and seriousness of the matter or event giving rise to the adjustment. Remuneration adjustment tools include exclusion of the employee from participation in STI plan (closing the Risk and Conduct Gateway) in-period reduction in the proportion of the award, malus and, where appropriate, clawback in the event of post identification of an event.

The Board also has the ability to require clawback to the extent legally permissible. Payment recovery can apply, whether or not the employment or engagement of the person has ceased.

In fulfilling these duties, the GRCC will consult with the ACRC, the CEO, and the General Manager Risk and Compliance and ensure risk outcomes are appropriately reflected in remuneration outcomes.

The Board may consider such adjustments are necessary:

- to protect the financial position of the Trustee or the Fund (or connected entities), or for the purposes of any other relevant prudential matter,
- to respond to or take into account any risk-related events or expected risk-related events,
- to respond to significant unexpected or unintended consequences that were not foreseen by the GRCC or Board, or
- as a result of the occurrence of any of the events or matters covered in the pre-vest assessment.

Use of discretion and adjustment mechanisms

In practice, the Board and GRCC actively exercise discretion as part of remuneration decision-making by:

- reviewing individual performance outcomes against role expectations and in the context of overall fund performance, risk appetite, and outcomes assessment
- applying in-period adjustments, malus or (where applicable) clawback where risk or conduct outcomes warrant it
- retaining the ability to reduce variable remuneration outcomes to nil where required to protect members' interests or address adverse risk outcomes.

The Trustee did not, and was not required to, defer any variable remuneration to meet the FAR Act 2023 in the 30 June 2025 financial year. Further, during the 30 June 2025 financial year, the Trustee did not apply any malus or clawback remuneration adjustments.

The Board makes an annual decision whether bonuses will be paid and the amount of each bonus based upon consideration of the following:

- The overall performance of the fund (taking into account both financial and non-financial measures evidenced by Key Result Areas), including against the Trustee's strategic objectives, the annual business performance review, and the annual outcomes assessment;
- An assessment of individual performance against objectives and key result areas, including consideration of any risk events.
- Consideration of risk events and conduct, including considering whether any risk-related adjustments need to be made (either across all employees, a section of employees or an individual employee).
- in the case of executives, on recommendation from the GRCC, based on recommendation from the CEO

In relation to each executive and other staff member, the performance of that employee is assessed based upon:

- Performance of their duties and responsibilities;
- Their contribution towards proactively identifying and managing risks within their area of responsibility and accountability;
- Adherence to the Trustee's values, policies and procedures; and
- Involvement in the occurrence of any financial or non-financial risk events/outcomes.
- behavioural assessment, alignment with Prime Super's values

This assessment enables Prime Super to address any misconduct and/or risk incidents and apply consequences in a fair, consistent and equitable manner. In certain circumstances, consequences that may be applied include any or a combination of the following:

- Coaching and additional training to support the employee in addressing any gaps in knowledge;
- Performance improvement plan;
- Impacts to development opportunities;
- Downward STI adjustment (where applicable);
- Reduction of any proposed fixed remuneration increases; and
- Impacts to employment.

The fixed and variable remuneration outcomes, and details of the remuneration arrangements for the CEO and Key Management Personnel (KMP) of the Fund are available in sections 3. 'Performance and executive remuneration outcomes', and 5A. 'Executive KMP remuneration for the year ended 30 June 2025' of the Prime Super Directors' Report for the year ended 30 June 2025.

Role of the Board

The Board is responsible for approving the Trustee's remuneration and performance policies after review and recommendation by the Governance, Remuneration and Culture Committee (GRCC).

The GRCC is a committee established by the Board to assist the Trustee by advising on, reviewing and making recommendations to the Board in relation to matters including Board, CEO and Executive performance and remuneration.

The GRCC comprises four directors and will normally meet not less than four times per year and as frequently as required. The GRCC met six times during the 30 June 2025 financial year, on a two-monthly cycle.

Ongoing governance and oversight

In practice, governance of remuneration is supported through:

- regular GRCC oversight of remuneration structure and outcomes
- consultation with the ACRC and GM Risk & Compliance on risk outcomes relevant to remuneration
- annual Board approval of remuneration outcomes, informed by documented performance and risk assessments.

Director remuneration is reviewed by the Board annually with due recognition of fiduciary responsibilities, nature of the business and sector. The Board may choose to undertake external benchmarking in determining remuneration.

The Board determines and annually reviews its remuneration policy position – its paying position as an employer (e.g. market median) within its sector – and any annual remuneration adjustments to fixed remuneration.

The GRCC's role is to, amongst other matters, oversee the design, operation and monitoring of the Trustee's remuneration framework, including to review and make recommendations to the Board in relation to the Trustee's Remuneration Framework, including Board and Executive remuneration and compensation programs which are designed to meet the needs of the fund and enhance corporate and individual performance.

The Board has full discretion on the awarding of fixed and variable remuneration taking into account fund and individual performance. The Board annually reviews the CEO's performance through a defined and documented process and approves any fixed remuneration increases. Fixed and/or variable executive and employee Remuneration is reviewed annually and recommended by the CEO to the GRCC, who in turn recommends approval of relevant remuneration outcomes to the Board.