



## Cuscal Limited Short Term Incentive Plan Rules

### 1. Short Term Incentive Plan

Cuscal Limited's (**Company**) Short Term Incentive Plan (**STIP**) is a formal annual incentive arrangement available to Eligible Employees.

The STIP is designed to award bonus Awards to Eligible Employees. Awards are an annual 'at risk' component of remuneration and are designed to reward Eligible Employees for overall achievement of designated Company and individual performance measures.

Further details about the STIP are set out in **Attachment 1**.

### 2. Definitions

**Accountable Person in respect of any Awards subject to the BEAR deferred remuneration obligations**, has the meaning given to that term in the *Banking Act 1959* (Cth), as in force immediately before 15 March 2024.

A person will be an Accountable Person of Cuscal under BEAR in one of two ways:

- The person holds a position in, or relating to, Cuscal and because of that position, the person has a responsibility relating to Cuscal which is prescribed under BEAR for this purpose; or
- the following applies:
  - The person holds a position in Cuscal or in another body corporate of which Cuscal is a subsidiary; and
  - because of that position, the person has actual or effective senior executive responsibility for management or control of Cuscal, or for management or control of a significant or substantial part or aspect of the operations of Cuscal or Cuscal's relevant group (being Cuscal and its subsidiaries).

Further, a person will be an Accountable Person of a subsidiary of Cuscal if:

- The person holds a position in the subsidiary; and
- Because of that position, the person has actual or effective senior executive responsibility for management or control of Cuscal, or for management or control of a significant or substantial part or aspect of the operations of Cuscal or Cuscal's relevant group (being Cuscal and its subsidiaries)

**Accountable Person in respect of any Awards subject to the FAR deferred remuneration obligations**, has the meaning given to that term in the *Financial Accountability Regime Act 2023* (Cth).

A person will be an Accountable Person of Cuscal under FAR in one of two ways:

- The person holds a position in, or relating to, Cuscal and because of that position, the person has a responsibility relating to Cuscal which is prescribed by the Minister rules for this purpose; or



- the following applies:
  - The person holds a position in Cuscal or in another body corporate of which Cuscal is a subsidiary; and
  - Because of that position, the person has actual or effective senior executive responsibility for management or control of Cuscal, or for management or control of a significant or substantial part or aspect of the operations of Cuscal or Cuscal's relevant group (being Cuscal and its significant related entities).

Further, a person will be an accountable person of a significant related entity of Cuscal if:

- The person holds a position in the significant related entity; and
- Because of that position, the person has actual or effective senior executive responsibility for management or control of Cuscal, or for management or control of a significant or substantial part or aspect of the operations of Cuscal or Cuscal's relevant group (being Cuscal and its significant related entities).

**APRA** means the Australian Prudential Regulation Authority.

**ASIC** means the Australian Securities and Investments Commission.

**Award** means a cash payment made to a Participant under the STIP.

**BEAR** means the Banking Executive Accountability Regime, set out in Part IIAA of the *Banking Act 1959* (Cth).

**Board** means the board of directors of the Company, any committee of the Board or a duly authorised person or body to which the Board has delegated its powers under the STIP.

**Board Remuneration and Nominations Committee** means the Board Remuneration and Nominations Committee of the Company.

**Clawback** means the recovery of an amount corresponding to some or all variable remuneration subject to recovery that has been paid or vested to a person.

**CPS 510** means APRA Prudential Standard CPS 510 Governance.

**CPS 511** means APRA Prudential Standard CPS 511 Remuneration

**Eligible Employee** means any person who is declared by the Board to be eligible to receive an award under the STIP and meets the conditions of these Rules.

**Executive Director** has the meaning given to that term in CPS 511 and means a director that is not a Non-Executive Director.





**FAR** means the Financial Accountability Regime as set out in the *Financial Accountability Regime Act 2023* (Cth).

**Financial Misstatement Circumstance** means a material misstatement or omission in the financial statements of the Group or any other circumstances or events which, in the opinion of the Board, may, or are likely to, affect the Group's financial soundness or require re-statement of the Group's financial accounts, including, without limitation, as a result of misrepresentations, errors, omissions, or negligence.

**Group** means the Company and its Related Bodies Corporate.

**Highly Paid Material Risk-Taker** means a Material Risk-Taker whose total fixed remuneration (which includes salary, superannuation, allowances and benefits) plus actual variable remuneration is equal to or greater than 1 million AUD in a financial year of the entity.

**In-period adjustment** means an adjustment made to variable remuneration during the period set for measuring the performance under a variable remuneration arrangement.

**Malus** means an adjustment to reduce the value of all or part of deferred variable remuneration before it has vested.

**Material Risk Taker** means a person whose activities have a material potential impact on the ADI's risk profile, performance, and long-term soundness

**Non-Executive Director** has the meaning given in CPS 510, namely a director who is not a member of Cuscal's management.

**Participant** means an Eligible Employee or other person who has been determined by the Board from time to time to be eligible for an Award under the STIP.

**Related Body Corporate** has the meaning given in section 50 of the *Corporations Act 2001* (Cth).

**Rules** means the terms and conditions of the STIP as set out in this document as amended from time to time.

**Senior Manager** has the meaning given to that term in paragraph 25 of CPS 520 and is a person (other than a director or Managing Director)<sup>1</sup> who:

- Makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of the Company;
- Has the capacity to affect significantly the institution's financial standing; or
- May materially affect the whole, or a substantial part, of the business of the institution or its financial standing through their responsibility for:

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<sup>1</sup> CPS 511 defines "Senior Manager" with reference to the Banking Act, which defines it as "a person who has or exercises any of the senior management responsibilities (within the meaning of the prudential standards) for the ADI or NOHC or for the Australian operations of the foreign ADI, as the case may be". "Senior manager" is defined in paragraph 25 of CPS 520 and this definition is reflected in the definition of "Senior Manager" in these Rules.





- Enforcing policies and implementing strategies approved by the Board of the Company;
- The development and implementation of systems used to identify, assess, manage or monitor risks in relation to the business of the institution; or
- Monitoring the appropriateness, adequacy and effectiveness of risk management systems.

**Specific Exceptions** has the meaning given to that term in CPS 511, and means:

- death;
- serious incapacity;
- serious disability; or
- serious illness.

**Specified Role** has the meaning given to that term in CPS 511, and means a person who is a Senior Manager, Executive Director, Material Risk Taker (including Highly-Paid Material Risk-Takers) and Risk and Financial Control Personnel.

**Variable Remuneration** means the amount of a person's total remuneration that is conditional on objectives, which include performance criteria, service requirements or the passage of time. For the purposes of the remuneration obligations (including deferral requirements) under BEAR, APRA may make rules which prescribe whether a particular kind of remuneration shall be Variable Remuneration.<sup>2</sup> For the purposes of the remuneration obligations (including deferral requirements) under FAR, APRA and/or ASIC may make rules which prescribe whether a particular kind of remuneration shall be Variable Remuneration.

**Vesting Date** means, in relation to an Award, the date on which a person becomes the legal owner of the Variable Remuneration

### 3. Scope of the STIP

- ❑ The purpose of the STIP is to provide short term financial incentives to Eligible Employees based on the Company's annual financial performance and the Eligible Employee's individual performance.
- ❑ The grant of Awards on a particular basis in any year does not create any right or expectation of the grant of Awards on the same basis, or at all, in any future year.
- ❑ These Rules sets out the entire terms and conditions of the STIP and supersede any prior arrangement or understanding, whether in writing or oral, between the Company and its Eligible Employees with respect to short term incentive plans for any Eligible Employees.
- ❑ These Rules will not form part of and are not incorporated into any contract of any Participant or Eligible Employee (whether or not they are an employee of the Company).

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<sup>2</sup> Refer to section 37EA of the *Banking Act 1959* (Cth), as in force immediately before 15 March 2024.





- ❑ Nothing in the STIP is intended to guarantee tenure of employment with the Company and participation in the STIP does not confer on any employee any right to future employment and does not affect any rights which the Company may have to terminate the employment of any Participant.
- ❑ Unless the subject of an express provision in an employment contract, the rights and obligations of any employee under the terms of their office, employment or contract with the Company are not affected by their Awards under the STIP.
- ❑ No Participant has any right to compensation for any loss in relation to the STIP, including:
  - ❑ any loss or reduction of any expectations under the STIP in any circumstances or for any reason (including lawful or unlawful termination of employment or the employment relationship);
  - ❑ the operation, suspension, termination or amendment of the STIP; or
  - ❑ lapse or forfeiture (as applicable) of any Award under the STIP.

#### 4. Who is eligible to participate in the STIP?

- ❑ Eligible Employees will be any person who is declared by the Board to be eligible to receive an Award under the STIP.
- ❑ Non-Executive Directors are not eligible to participate in the STIP.
- ❑ Eligibility for an Award under this STIP requires strict compliance with the Company's policies and compliance with all relevant legislative and regulatory requirements. Non-compliance, as determined by the Board, may constitute grounds for cancellation of eligibility for an Award under the STIP.
- ❑ Eligibility for an Award payment requires an employee to be employed and not under notice of resignation or termination.
- ❑ Participating Eligible Employees who start employment (or become eligible for an Award) during a STIP year must have completed their probationary period prior to the end of the relevant performance period to be eligible for a prorated Award.

#### 5. What happens if I cease employment?

Participants must be employed at the time the STIP Award is delivered to (e.g. before it is paid) and must not be serving notice. In the event of a resignation by a Participant all unpaid Awards (other than deferred components of the Award already granted to the Participant) are forfeited unless the Board applies discretion as to whether any Award may be paid. Deferred components will be retained but will not vest before the Vesting Date and will remain subject to all measurement criteria being satisfied. The Company must not accelerate the vesting of any unvested Awards for Participants in a Specified Role no longer employed or engaged by the Company unless one of the Specific Exceptions





apply. If that Participant is eligible for any unvested Awards, it must be subject to the same vesting conditions as those for a person employed or engaged by the entity.

Where a Participant ceases employment and / or ceases to be an Accountable Person as a result of death, serious incapacity, serious disability or serious illness, the following provisions will apply:

- Specified Role Holders (CPS 511): The Company may accelerate the vesting of unvested Awards for Participants in Specified Roles who cease to be Employees. If one of the Specific Exceptions applies to an individual in a Specified Role, unvested Awards may be provided to the Participant or their estate.
- Accountable Persons (in respect of Awards subject to the BEAR deferred remuneration obligations): If a Participant who is an Accountable Person ceases to be an Accountable Person, APRA may approve a shorter deferral period for the Variable Remuneration of that Accountable Person.
- Accountable Persons (in respect of Awards subject to the FAR deferred remuneration obligations): If a Participant who is an Accountable Person ceases to be an Accountable Person, unvested Awards may be provided to the Participant or their estate (subject to the applicable minimum deferral period set out in section 28 of the *Financial Accountability Regime Act 2023* (Cth))
- All other Participants: the Company may accelerate the vesting of unvested Awards for Participants who cease to be Employees. If one of the Specific Exceptions applies to an individual, unvested Awards may be provided to the Participant or their estate.

In the event of a termination by the Company for cause, all unpaid Awards are forfeited (including any deferred amounts). In the event of redundancy during the financial year or between the end of the financial year, the payment of any Award is subject to Board discretion. Deferred components will be retained but will not vest before the Vesting Date and will remain subject to all measurement criteria being satisfied.

In the event of termination due to disability, genuine retirement, incapacity or death (eligibility as defined by the ATO requirements for access to preserved Superannuation benefits) and without cause, the Board will apply discretion as to whether any Award may be paid and will have regard for, but not be limited by pro rata performance progress against performance measures; assessment of individual contribution; and likelihood of the achievement of performance measures.

## 6. Preventing inappropriate benefits

Where, in the opinion of the Board:

- a Participant:
  - has acted fraudulently or dishonestly;
  - has engaged in gross misconduct;





- ❑ has done an act or omission which has brought the Company or any of its Related Bodies Corporate into disrepute;
- ❑ has breached his or her duties or obligations to the Company; or
- ❑ is convicted of an offence or has a judgment entered against them in connection with the affairs of the Company; or
- ❑ there is a Financial Misstatement Circumstance;
- ❑ a Participant received an Award as a result of the fraud, dishonesty or breach of duties or obligations of any other person and, in the opinion of the Board, the Award would not have otherwise have been granted;
- ❑ a breach of the obligations of the Company under BEAR or FAR has occurred, as applicable;
- ❑ medium to longer term results do not reflect the level of success assumed at the time the Award was granted;
- ❑ downward adjustments to the remuneration are necessary to protect the financial soundness of the Company;
- ❑ downward adjustments to the remuneration are necessary to respond to significant unexpected or unintended consequences that were not foreseen by the Board Remuneration and Nominations Committee; or
- ❑ the Company is required by or entitled under law or Company policy to reclaim remuneration from a Participant,

the Board may determine that a Participant the STIP Award is no longer justifiable or appropriate and make a downward adjustment to the STIP Award (including deferred amounts), including to zero.

Notwithstanding anything set out in these rules, the Board may, in its absolute discretion, and subject to applicable Laws, determine any treatment in relation to an Award, including, without limitation, to:

- ❑ reset the Conditions and/or alter the Period applying to the Award;
- ❑ deem all or any Award, whether unvested or Vested, to have lapsed or been forfeited (as relevant);
- ❑ where a cash payment has been made to a Participant, require that the Participant repay a sum equal to that cash payment.

## 7. What happens if there is a change of control?





The Board has the discretion to determine the treatment of any STIP Award if a change of control occurs.

A change of control includes a takeover bid or any other transaction, event or state of affairs that, in the Board's opinion, is likely to result in a change in the control of the Company.

## 8. Are there circumstances where my STIP Award may be forfeited, lapse or be clawed back?

### Forfeiture prior to delivery

The Board may determine that your STIP Award is forfeited prior to it being delivered to you.

Examples of where this may occur include if you cease employment; or in connection with certain corporate events including a change of control.

### Forfeiture after delivery

At a minimum, the Board must take reasonable steps to appropriately adjust the STIP Award, including deferred amounts, including to zero if necessary, when there has been:

- ❑ Misconduct (whether by act or omission) leading to significant adverse outcomes;
- ❑ A significant failure of financial or non-financial risk management;
- ❑ A significant failure or breach of accountability (including failure to comply with one or more accountability obligations under BEAR or FAR, as applicable), 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 customers, beneficiaries or counterparties.

In the circumstances listed in Rule 6 or above in this Rule 8, the Board may, in its absolute discretion, determine any treatment in relation to an Award, including, without limitation, to:

- ❑ Reduce the percentage of the Participant's entitlement to an Award or the deferred portion of an Award that would otherwise be paid (to nil if appropriate), at any time before such an amount is paid (Malus);
- ❑ Require the Participant to repay to the Company as a debt any Award amount that has been paid or vested to a Participant, in whole or in part;
- ❑ Reduce the percentage of the Participant's entitlement to an Award during the period set for measuring the performance under the STIP (in-period adjustment); and/or
- ❑ Delay the payment of an Award if, at the payment date, there is an ongoing investigation or other procedure being carried on to determine whether circumstances exist that may warrant Malus or Clawback and the Board decides, at its absolute discretion, that further investigation is







warranted. In circumstances involving a person under investigation for the criteria specified above in this Rule, the Award must not vest until the investigation is closed.

A downward adjustment to the Award will be proportionate to the severity of a risk and conduct outcome. It need not be a reduction of the Award relating to a period in which a failure/event occurs. If an Accountable Person fails to comply with one or more of their accountability obligations under BEAR or FAR as applicable, the person's Variable Remuneration will be reduced by an amount proportionate to the failure. The amount of any reduction will not be paid or transferred to the relevant Participant.

Awards will be subject to the Performance Consequence Management Framework, which provides for the application of consequences relating to risk and conduct events.

## 9. Deferral

The Board may, in its absolute discretion, determine to defer or postpone the Vesting Date for any Award.

The Award is Variable Remuneration under BEAR or FAR, as applicable.

For any Awards subject to the BEAR deferred remuneration obligations, BEAR requires that the Variable Remuneration of Accountable Persons be subject to a minimum deferral period which is the lesser of:

- ❑ 40% of the Variable Remuneration for the relevant financial year, for a minimum deferral period of 4 years; and
- ❑ 10% of the Accountable Person's total remuneration for the relevant financial year, for a minimum deferral period of 4 years.

For any Awards subject to the FAR deferred remuneration obligations, FAR requires that the Variable Remuneration of Accountable Persons be subject to deferral of 40% of their Variable Remuneration for the financial year, for a minimum deferral period of 4 years.

If the amount to be deferred for a financial year is less than \$50,000<sup>3</sup>, it need not be deferred under BEAR or FAR. This section should be read in conjunction with the deferral requirements set out in the Company's Remuneration Policy and in any associated offer letter.

Payment of any deferred Award will be subject to any downward adjustment mechanisms set out in these Rules.

The Company will not be liable to the Participant, and the Participant will have no claim against the Company, for any loss or liability incurred as a consequence of a postponement or deferral of the Vesting Date.

## 10. Other information

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<sup>3</sup> Or such other amount as is prescribed by the Minister rules: Banking Act, as in force immediately before 15 March 2024, s 37ED(2) for BEAR or such other amount as is prescribed by the Minister rules: FAR Act 2023, section 29(1)(a) for FAR.





- ❑ The information in these STIP Rules is general information only. It is not an offer to participate in the STIP and does not contain any financial advice. It does not give rise to any contractual rights for you and is not binding on the Company. To the extent these Rules require you to do any act or thing or refrain from doing any act or thing, these Rules constitute directions from the Company to you with which you must comply.
- ❑ Your participation in the STIP, and the calculation of your STIP Award (if any), will be at the Board's absolute discretion.
- ❑ The Board in its absolute discretion may vary or cancel or not apply the STIP at any time or amend any of the terms set out in these STIP Rules, provided that the rights of Participants to Awards earned prior to the amendment or termination are not affected, unless otherwise agreed in writing by the Participants.
- ❑ The Board is responsible for the administration of the STIP and may delegate the exercise of any of its powers or discretions arising under the STIP to any one or more persons for such period and on such conditions as it may determine.
- ❑ The terms of these STIP Rules do not form part of your employment contract and participation in the STIP does not give you any entitlement to participate in future year offers.
- ❑ To the extent of any inconsistency between these STIP Rules and any STIP offer letter provided to you, the offer letter will prevail.
- ❑ These Rules should be read in conjunction with the Company's Remuneration Policy. In the event of any inconsistency between the Remuneration Policy and these Rules these Rules will prevail.
- ❑ The interpretation and exercise of any aspect of the STIP by the Board will be final and conclusive for all purposes. Any exceptions are subject to Board approval.





## Attachment 1

### 1. What is the timing for assessment and receipt of an STIP Award?

Step	Timing
Performance period	Performance is normally assessed over the Company's financial year (i.e., 1 July to 30 June in the following calendar year).
Notification of participation	<p>You will be notified around the start of the performance period if you are eligible to participate in the STIP.</p> <p>At this time, you will be advised of your Target and Maximum STIP Award opportunity and the relevant performance measures that you need to achieve in order to receive an Award.</p> <p>Generally, your STIP Award will be subject to a balanced scorecard comprising a Risk and Conduct Gateway, Company Performance Measures and Individual Performance Measures.</p> <p>See section 2 below for more information.</p>
Award confirmation	<p>Following the end of the performance period, performance against the relevant performance measures will be tested. You will generally be notified following the end of the performance period as to the quantum (if any) of your STIP Award.</p> <p>See section 3 below for more information.</p>
Delivery of STIP award	Your STIP Award will typically be allocated to you following the end of the performance period, subject to complying with any applicable legal and regulatory requirements, including any minimum deferral requirements.

The Board may decide to amend the dates above (including where there is an investigation underway by the Company or an external third party).





## 2. How will the Company determine the quantum of my STIP Award?

If you are eligible to participate in the STIP, you will be advised of your Target and Maximum STIP Award “opportunity”. This is the target and maximum amount that you can earn for your STIP Award if all of the performance measures are met at Target or at Stretch.

Ordinarily your STIP Award will be determined as a percentage of your Total Fixed Remuneration.

You will also be advised of the relevant performance measures that must be met to receive an STIP Award. Generally, these will include *key balanced scorecard performance measures* - which will determine the amount of any STIP Award allocated to you.

### Key Balanced Scorecard Objectives

You will be advised of the specific key balanced scorecard performance measures that apply to your STIP Award and the weighting allocated to each objective.

Generally, your key balanced scorecard objectives will be divided into Company Performance Measures and your Individual Performance Measures. In the event there is any significant change in the operations of the Company such as to fundamentally alter the intended effect of the stated performance measures, the Board may make such adjustment as it deems necessary in order to ensure the program incentivises performance. Any adjustments will be clearly communicated in writing.

***The weightings and nature of the key balanced scorecard performance measures may change from performance period to performance period.***

### Risk and Conduct Gateway

There will be a Risk and Conduct Gateway applicable to all Awards which is in the absolute discretion of the Board and will consider conduct or behaviour that is inconsistent with the Company’s values.

The Board has absolute discretion when applying the Risk and Conduct Gateway including determining that the Risk and Conduct Gateway has been met only in relation to one Participant or in relation to some or all Participants. The Board must determine that the Risk and Conduct Gateway has been achieved before Participants become eligible to receive any STI Awards under the Plan.

The Board will also retain overriding discretion to modify the available STIP pool.

### Testing

Generally, testing of the Company Performance Measures and your Individual Performance Measures will occur following the end of the performance period. The Board will determine whether the Company Performance Measures and your Individual Performance Measures have been met and the quantum (if any) of your STIP Award.

### Pro rata awards





In some circumstances, pro rata STIP Awards may be made. Pro-rata calculations will take into account any factor the Board determines relevant, including length of service, becoming a STIP Participant part way through a performance period, approved leave of absences and performance over the performance period.

### 3. How will my STIP Award be delivered?

Your STIP Award will be delivered in cash.

