

TARGET MARKET DETERMINATION



This document is dated 1 November 2025, document number 01112025_TMD and is issued by Peninsula Mutual Limited ACN: 630 256 478 AFSL 544232



Important Information

The purpose of this target market determination (TMD) is to describe the class of consumers or target market for which Bright Defence has been designed, having regard to the likely needs, objectives and financial situation of that class of consumers. This TMD is not intended to provide any financial product advice, and does not consider any individual consumer's personal needs, objectives or financial situation. This TMD does not form part of, or replace, existing terms and conditions in the Bright Defence Product Disclosure Statement (PDS). Please refer to the PDS before making a decision about the product.

Please refer to Part 2 of the PDS: 1. Defined terms to understand the meaning of any capitalised terms used in this TMD which are not defined in this document.

Effective date

1 November 2025

Product Disclosure Statement to which this TMD applies

This TMD applies to the discretionary protection described in the Bright Defence Product Disclosure Statement (document number 01112015) that has been issued by Peninsula Mutual Limited ABN 29 630 256 478, AFS Licence 544232 (Mutual). The PDS is issued by the Mutual and distributed on its behalf by BrightHR Pty Ltd ABN 51 649 265 690, acting as an Authorised Representative of the Mutual, 00131817.

Bright Defence is regulated as a financial product in Australia, which is issued by the Mutual for the sole benefit of its Members who are both the owners and customers of the Mutual. Bright Defence was created exclusively for clients of BrightHR Pty Ltd. Bright Defence is not available to entities that are not clients of BrightHR.

The class of consumers that fall within the target market

A small to medium sized business that has use of the employment relations software platform provided by BrightHR and meets the following criteria:

- They are an 'employer' within the meaning of the Fair Work Act 2009 (Cth) in Australia; and
- They currently employ or are expecting to employ at least one or more employees who meet the legal definition; and
- If the business has operations located in Australia, its employee/s work in Australia; and
- The business is a client of BrightHR with access to BrightHR telephone advice.

The target market for Bright Defence are eligible clients of BrightHR that meet the criteria described above and who are or will be admitted as Members of the Mutual and whose likely needs, objectives and financial situation are as described below.

Likely needs, objectives and financial situation

Those in the target market have an exposure to the risk of employment relations claims by employees. The claims can range from a few thousand dollars to hundreds of thousands of dollars. Small businesses have a financial

exposure to employment relations risks which can be difficult to manage within the business without expert advice and appropriate risk protection.

Bright Defence is designed to provide affordable risk protection with broad coverage, no deductible (for the first 12 months of joining the Mutual) and more generous coverage limits for businesses. It is suitable for businesses who are clients of BrightHR and seek financial protection for employment relations risk and could face significant financial consequences if employees make legal claims against them arising from their employment.

Those businesses within the target market will be in a financial position to pay the required contribution payable to the Mutual to gain access to protection through Bright Defence as well as any other costs that may be payable in respect of the protection (e.g. any applicable Claims Excess). They do not require insurance and are willing to participate in a mutual discretionary risk protection arrangement where their claims will be assessed at the discretion of the Mutual's board in accordance with the Mutual's Constitution and the terms of the PDS.

Class of consumers for whom Bright Defence is not suitable

Bright Defence is not designed for consumers who:

- Are not a client of BrightHR and are not willing or eligible to become a client of BrightHR;
- Are not members of the Mutual and are not willing to become a member;
- Already hold other risk products (such as insurance) which adequately protect them for their employment relations risk to their business;
- Cannot afford to pay the contribution for the purchase of Bright Defence or any costs associated with Bright Defence (e.g. any payable Claims Excess);
- Operate in an industry which is excluded from membership and protection and is not otherwise eligible for discretionary protection pursuant to the Mutual's policies. Ineligible industries for Bright Defence include sale or manufacture of firearms and group insurance policies.



Product description and key attributes

The financial product issued by the Mutual is discretionary risk protection offered as Bright Defence. It is not a contract of insurance and may not be suitable for people who require insurance. Full details of the product are included in the PDS which is provided to all Members and potential Members of the Mutual.

Employment Relations protection provides discretionary risk protection to Members (and their declared subsidiaries) for losses resulting from Employment Claims. Protection is available where the claim is made against the Member and notified to the Mutual during the Protection Period. When a claim for protection is granted, the benefit provided includes legal costs and expenses incurred in defending the Member.

The protection is subject to terms, limits, conditions and exclusions. In particular:

- limits of \$50,000 per claim and \$200,000 in the aggregate per annum apply;
- there is no deductible for the first 12 months however a Claims Excess may be applied after the first anniversary of joining as a Member and purchasing protection;
- it is a condition of Bright Defence that a Member seeks and follows advice from the BrightHR Advice Team when it becomes aware of circumstances which may give rise to a Claim;
- a Member must obtain the Mutual's consent prior to incurring Defence Costs; and
- there is no protection for Claims relating to health and safety statutory liability, bodily injury or property damage, or Employment Claims made against a Member prior to the Protection Period.

Consistency of Bright Defence with the likely objectives, needs and financial situation of consumers in the target market

Bright Defence provides broad coverage and generous limits to Members at very affordable prices (average Members' protection costs are approximately \$300 per annum.). This enables Members to economically transfer financial risk exposures to the Mutual mitigating their business exposure to significant legal actions and costs.

The Mutual is run for the benefit of Members on a not-for-profit basis which ensures that the cost of protection is maintained as close as possible to cost. The success of the Mutual in being able to maintain broad cover and economical pricing and its operations are predicated on the strong risk management of employment relations practices by Members with support and advice through the core services delivered by BrightHR, including an employment relations software platform.

For these reasons, the product is likely to be consistent with the likely objectives, financial situation and needs of the class of consumers within the target market. This is based on an evaluation of the key terms, features and attributes of Bright Defence and our view that these are consistent with the needs, objectives and financial situation of the identified target market. In particular:

- Bright Defence provides cover for risks associated with managing employment relations;

- Bright Defence was specifically designed for clients of BrightHR with the key attributes described above;
- Bright Defence's pricing structure, including contribution, is designed to be generally affordable for BrightHR's clients;
- Bright Defence's exclusions and limitations are aligned with the risk profile and expectations of the target market, and are clearly disclosed to support informed decision-making; and
- the distribution conditions and methods are structured to ensure the product is offered only to clients of BrightHR whose circumstances and attributes are consistent with the TMD.

Marketing and Distribution

The Mutual as the Australian financial services (AFS) licence holder and its authorised representative, BrightHR, advise on and arrange for the issue of Bright Defence. Bright Defence is thus only offered to clients and potential clients of BrightHR who are (or will become) Members of the Mutual who fall within the target market. There is no obligation for the client to take out protection. Bright Defence is not offered or made available to anyone else.

BrightHR offers its clients a one-year to five-year service agreement. Membership of the Mutual and protection is issued to align with the same period. Before the services agreement and the protection are due to expire, Members are given the option to renew both. Members can opt out of renewal and in addition have the option to cancel protection at any time by giving 30 days' notice.

Distribution conditions are in place to help ensure that Bright Defence is only sold to businesses in the target market. These conditions include:

- Bright Defence is not able to be offered or made available to anyone who is not a client of BrightHR;
- Obtaining information relating to the eligibility criteria to determine whether the client can become a Member and come within the target market set out in this TMD;
- Representatives of BrightHR involved in offering or arranging Bright Defence are appropriately trained, understand the market this product is designed for and how to identify clients falling within and outside of the target market; and
- Internal processes and systems are in place to support the distribution of Bright Defence to people in the target market.

TMD Reviews

The amount and values of claims accepted, and the number of claims declined are reviewed quarterly by the Mutual's Board and as part of the annual review. This enables the protection to be evaluated with consideration of scope of cover, limits, and price to be adjusted if necessary, so that the product continues to meet the needs of the Members of the Mutual.

The first review of the TMD will occur within 12 months from the date of this TMD. Subsequent reviews will occur at least every 3 years after the end of the previous review. This TMD will be reviewed earlier if any event or circumstance occurs that would reasonably suggest that the target market is no longer appropriate, or this

product is no longer consistent with the likely objectives, financial situation and needs of people in the target market. These events or circumstances are called review triggers.

Review triggers that could reasonably suggest the TMD is no longer appropriate would include:

- significant changes to the product, including the benefits or exclusions;
- trends in claims suggest that this product is not performing appropriately for the target market;
- a relevant and significant change or event affected a reasonable proportion of businesses in the target market (e.g. a change in law or regulation such as changes in legislation to reduce or limit the availability of protection or limit the liability of employers for employment relations);
- sudden and unexpected change in claims volume and values;
- low take-up of the protection;
- high level of complaints about the protection and/or distribution relating to the appropriateness of the product for the target market;
- a significant dealing in Bright Defence occurs;
- significant changes in other metrics relating to the suitability of Bright Defence for the Members of the Mutual including but not limited to cancellations of membership and/or Bright Defence, higher incidence of declined claims and increased Member complaints;
- a significant change to the way Bright Defence can be distributed by BrightHR and its representatives;
- a material defect in the PDS for the product which reasonably suggests that the TMD is no longer appropriate; or
- feedback, orders or directions from a regulator or external dispute resolution body like AFCA that suggests this TMD is no longer appropriate.

If the Mutual decides it has enough information to identify that a review trigger has occurred, it will review this TMD within 10 business days.

Reporting

The sales and distribution process are subject to a high level of governance by BrightHR and the Mutual. As complaints arise, BrightHR will promptly provide information to the Mutual about complaints regarding Bright Defence. Complaints are handled by the Mutual in accordance with the Mutual's Internal Dispute Resolution Policy. The Mutual will closely monitor the level of complaints about the product and distribution as well as rectification action undertaken and will intervene if necessary. BrightHR must also report to the Mutual any information that may indicate that a review trigger has occurred within 10 business days of becoming aware of such information.

Members can directly contact the Mutual, as AFS Licensee, or any director of the Mutual. The Mutual is a Member of the Australian Financial Complaints Authority (AFCA).

Significant dealings of this product will be investigated and reported as soon as practicable within 10 business days. Any feedback, regulatory orders or directions received from a regulator such as Australian Securities & Investments Commission (ASIC) or AFCA in respect of this product will be investigated and reported to the Mutual's Board as soon as practicable within 10 business days.

