CPS 511 Remuneration Disclosure – RACT Group (FY2026)

Contents

Contents - 1 -

1. Overview of the Remuneration Framework - 2 -
2. Governance of Remuneration - 2 -
3. Remuneration Structure and Approach - 3 -
4. Performance and Risk Adjustments - 4 -
5. Remuneration Outcomes - 5 -
6. Consequence Management, Clawback and Malus Provisions - 5 -
7. Material Changes in FY2026 - 6 -
8. Summary Statement - 6 -

The following remuneration disclosures have been prepared in accordance with the Australian Prudential Regulation Authority (APRA) requirements under the Prudential Standard CPS 511 Remuneration (CPS 511). These disclosures relate to the financial year ending 30 June 2026 for The Royal Automobile Club of Tasmania Limited and its subsidiaries, including APRA-regulated subsidiary RACT Insurance Pty Ltd. For the purposes of this disclosure, these entities are collectively referred to as the RACT Group.

1. Overview of the Remuneration Framework

The RACT Group's remuneration framework is designed to align with its purpose to be *"Tasmania's shoulder to lean on and a voice when it matters*," its documented values, strategic objectives, and risk management framework. The framework relies on fixed remuneration, complemented by non-financial rewards and recognition programs, with no variable remuneration or incentive-based payments.

There is a values-based performance framework emphasising intrinsic motivation, self-awareness, autonomy, and purpose-driven outcomes. The key objectives of the framework, as outlined in the *Reward, Recognition and Performance Policy* (approved February 2024) and associated documents, are to:

- Ensure remuneration supports the long-term financial soundness of the RACT Group, promotes effective management of financial and non-financial risks, and mitigates conduct risk.
- Attract and retain employees with the skills required to achieve RACT's objectives and execute its business plan within the risk management framework.
- Motivate employees to perform in the best interests of RACT, its members, and stakeholders, encouraging discretionary effort aligned with organisational values.
- Provide transparency, consistency, and rigor in remuneration, recognition, and reward processes.

The specified roles defined in CPS 511 and referred to in this disclosure include the following:

Specified Roles	Types of positions included
Senior managers	Certain members of the Executive Leadership Team (ELT), including The Group Chief Executive Officer (GCEO) & Heads of functions responsible for establishing and implementing strategies.
Material risk takers	Certain members of the ELT, and who are not Senior Managers.
Risk and financial control personnel	Key risk and financial control personnel, including roles within risk management and finance functions.

2. Governance of Remuneration

The *Reward, Recognition and Performance Policy* is overseen by the RACT Group Board and RACT Insurance Board, with the Governance, Remuneration and Nominations (**GRN**) Committees responsible for reviewing and recommending updates to the policy. The Board exercises its discretion in determining variable remuneration outcomes through the criteria and processes in the remuneration policy and the consequence management framework.

The GRN Committees meet at least annually to specifically review remuneration settings, policies, and governance, ensuring alignment with RACT's strategic objectives and risk management framework.

The RACT Group and RACT Insurance Audit Committees provide input to ensure remuneration practices align with effective risk management and financial soundness. The Chairs of the Audit Committees attend the annual GRN Committee meeting to provide insights on the balance between risk and reward, as outlined in the *Reward, Recognition and Performance Policy*. The GRN oversees inputs around remuneration by confirming alignment with policies, procedures and regulatory requirements.

It meets multiple times each year to exercise its oversight function pursuant to the Board delegations which exist in connection with this committee, and which form the basis of its oversight function. In FY2026, the GRN Committees met four (4) times to oversee remuneration-related matters.

The Group Chief Executive Officer (**GCEO**) is accountable for implementing the policy across the RACT Group, while the Executive General Manager, People & Culture (**EGM P&C**) ensures organisation wide compliance and provides regular reporting to the Boards and GRN Committees. The Group Chief Risk Officer (**CRO**) ensures compliance with applicable legislation and regulations for RACT Insurance Pty Ltd.

The Boards review remuneration settings to confirm alignment with sound risk management and compliance with prudential obligations, including APRA's CPS 511 requirements.

3. Remuneration Structure and Approach

Component	Approach
Fixed Remuneration	Determined by job size, scope, complexity, and accountability, benchmarked against the All-Australian Organisations Sample at the 50th percentile. Reviewed annually to account for Hobart CPI and market movements, subject to Board discretion.
Variable Remuneration	Not applicable. Discontinued in July 2023, as per the *Reward, Recognition and Performance Policy*.
Deferred Remuneration	Not applicable.
Risk Adjustment Mechanisms	Applied through restrictions on fixed pay adjustments, coaching, training, or performance management plans in response to poor risk outcomes or misconduct, as per the *Remuneration Procedure*.

RACT uses the Mercer methodology to evaluate and assign grades (1 to 7, with a separate category for the GCEO) to all roles, ensuring consistency and fairness. Total Annual Remuneration (**TAR**) includes base salary, superannuation, benefits, and allowances (including FBT and GST where applicable). TAR is benchmarked against the 50th percentile of the All-Australian Organisations Sample, with no remuneration falling below the minimum or exceeding 10% above the maximum TAR target range without GRN Committee approval.

Allowances are distinct from reimbursements and are governed by the *Allowances Procedure*, subject to RACT Group's delegated discretion outlined in that document.

Separate to the above, employees covered by Enterprise Agreements (e.g., RACT Sales and Administrative, Roadside Patrol, and Insurance) receive salary increases per their agreements, with regular reviews to ensure compliance with minimum classification requirements.

4. Performance and Risk Adjustments

RACT's *Performance Management & Development Procedure* and associated documents reflect risk-based Key Performance Indicators (**KPIs**) for the Board, GCEO, and ELT, cascaded as relevant to other employees. These KPIs include:

- **Financial Risks**: Core prudential ratios and risk appetite metrics.
- **Non-Financial Risks**:
  - **Audits/Obligations/Risk Reviews**: completed by due dates.
  - **Staff survey questions related to risk culture**: 75% survey participation.
  - **Average time to resolve member complaints in ELT member's department:** less than 6 days.
  - **Third party management**: Contracts reviewed and updated by the due date.
  - **ESG elements advanced as per plans and strategy**: To the Board's satisfaction.
  - **Exemplified RACT Values and Culture Canvas**: Culture Barometer Factor 3, greater than 60%.
- **Conduct Risks**:
  - **Incidents/breaches**: No incidents that result in increased regulatory oversight, intervention or penalties and incidents have been reported in Camms, a governance and risk compliance software system.
  - **Safety & Wellbeing Survey Score:** greater than 70%
  - **Lost Time Injury (LTI):** greater than 12 days.
- **Other Risks**: Strategic goals, employee engagement, Net Promoter Score, and members' share of population.

Poor risk outcomes or serious misconduct, as identified in the *Remuneration Procedure*, may result in:

- Restrictions on fixed remuneration increases.
- Mandatory coaching or training.
- Performance management plans or disciplinary action, up to termination, depending on severity.

The GRN Committee's annual review assesses risk and consequence management, focusing on material failures in risk management, control deficiencies, or deviations from risk appetite.

5. Remuneration Outcomes

In FY2026, RACT Group did not pay any variable or incentive-based remuneration, consistent with the discontinuation of variable remuneration in July 2023. Remuneration outcomes consisted solely of:

- Base salary.
- Superannuation.
- Allowances, as governed by the *Allowances Procedure*.

Annual remuneration adjustments were informed by:

- Hobart Consumer Price Index (**CPI**) movements.
- Market benchmarking against the All-Australian Organisations Sample.
- Individual performance and role progression assessed through the *Thrive & Grow* performance framework, which emphasises values-based discussions, goal setting, and regular check-ins.

6. Consequence Management, Clawback and Malus Provisions

The Board Governance, Remuneration and Nomination Committee's annual review of risk and consequence management will consider any poor risk management outcomes or serious misconduct that have occurred during the review period. Poor risk management outcomes may include:

- Material failure to follow the risk management methodology and responsibilities defined in the Risk Management Strategy resulting in loss or detriment to members;
- Failure to address identified material control deficiencies or failure to take adequate steps to identify material control deficiencies; or
- Decisions that materially deviate from the risk appetite set by the Boards.

As RACT does not offer variable or deferred remuneration, traditional clawback and malus provisions do not apply. However, the *Remuneration Procedure* enables consequence management through:

- Withholding fixed remuneration increases.
- Coaching or training;
- Implementing performance improvement plans.
- Disciplinary actions for poor risk management, breaches of conduct, or misalignment with RACT's values (*Remuneration Procedure*, Page 8).

These measures ensure accountability for serious risk issues, material breaches or misconduct, even years after the event. The methodology used to assess risk management outcomes and determine consequence management actions are set out in the *Performance Management & Development Procedure* and *Remuneration Procedure.*

7. Material Changes in FY2026

No material changes were made to the remuneration framework in FY2026. The most recent significant update was the removal of variable remuneration in July 2023, with further refinements to the *Reward, Recognition and Performance Policy* in February 2024 to clarify GCEO approval limits, allowances, and performance management descriptions.

8. Summary Statement

The RACT Group's remuneration framework is simple, transparent, and aligned with its mutual purpose and values. It supports long-term member value, financial soundness, and prudent risk management by:

- Focusing on fixed remuneration benchmarked to market standards.
- Promoting a values-based performance culture.
- Ensuring robust governance and risk adjustment mechanisms.

This framework complies with APRA's CPS 511 requirements. The absence of variable remuneration is offset by a robust rewards system that incentivises performance and risk management through non-financial measures, ensuring sustainable outcomes for RACT, its members, and stakeholders.