

# Prudential Standard CPS 511 Remuneration (CPS 511) **Remuneration Disclosure**

2025 Financial Year



## 1. Introduction

This remuneration disclosure has been prepared by Avanteos Investments Limited (AIL) for the 2025 financial year (FY25), in accordance with the requirements of the Australian Prudential Regulation Authority's (APRA) Prudential Standard CPS 511 – Remuneration (CPS 511). It provides an overview of CFS' remuneration policy, practices and governance.

## 2. Governance of the Remuneration Framework

The governing bodies that oversee remuneration at Avanteos Investment Limited (AIL) are structured as follows:

### Avanteos Investments Limited (AIL) Board

The Board's principal role is to govern and oversee the Company by ensuring there is a proper governance framework in place to promote and protect the interests of fund members and the Company for the primary benefit of all its members and beneficiaries. This includes approving, in consultation with the CFS People, Remuneration and Nomination Committee (PRNC):

- the remuneration arrangements for Responsible Persons and/or Specified Roles, including KPIs, performance assessment (including risk assessment);
- fixed and variable remuneration; and
- any material out of cycle adjustments or changes.

### People, Remuneration and Nomination Committee (PRNC)

The PRNC's primary purpose is to provide effective oversight and review of people and remuneration related policies, frameworks, and practices.

### Risk and Reward Oversight Committee (RROC)

The RROC is responsible for determining risk and conduct outcomes and recommending any upward or downward adjustments to variable remuneration to the People, Remuneration and Nomination Committee (PRNC), in accordance with the CFS Consequence Management Policy.

For the 2025 financial year (FY25):

- The People, Remuneration and Nomination Committee (PRNC) held one remuneration related meeting.
- The AIL Board held two remuneration related meetings.
- The Risk and Reward Oversight Committee (RROC) held three meetings.

The remuneration framework was reviewed in preparation for the introduction of the Financial Accountability Regime (FAR), which took effect in relation to AIL on 15 March 2025. This review resulted in the implementation of the CFS FAR Policy, including the CFS Reasonable Steps Framework.

### **Board Oversight of Remuneration and Regulatory Compliance**

Avanteos Investments Limited (AIL) is the regulated entity responsible for compliance with CPS 511 and FAR. The AIL CEO and Chief Risk Officer (CRO), together with senior stakeholders, have overseen progress to ensure regulatory effectiveness. The CFS Remuneration Policy was amended to meet regulatory requirements and was approved by the AIL Board.

The AIL Board approves the performance scoreboards for employees in Specified Roles annually and oversees the assessment of performance against these scoreboards. In consultation with the PRNC, the Board Audit and Risk Committee (BARC), the Chief Risk Officer (CRO), the Group Chief Executive Officer (GCEO) and the Group Executive, People & Culture, the AIL Board approves remuneration outcomes for Responsible Persons, Accountable Persons, and employees in Specified Roles.

These decisions have regard to the recommendations from the Risk & Reward Oversight Committee (RROC) on consequence management. The AIL Board has ultimate discretion to determine variable remuneration outcomes for the current performance year and to adjust or vest any deferred variable remuneration awarded in prior performance years.

Ashurst was engaged by AIL to review the remuneration framework and confirm that it correctly captured the requirements of the Financial Accountability Regime Act.

### 3. Remuneration Framework

The remuneration framework incorporates the following policies:

- CFS Remuneration Policy
- CFS Consequence Management Policy
- CFS Financial Accountability Regime (FAR) Policy
- CFS Reasonable Steps Framework
- CFS Code of Conduct

#### Remuneration Framework Overview

<b>Remuneration Governance</b>	Board and Committee Oversight Avanteos Investments Limited (AIL) Board People, Remuneration and Nomination Committee (PRNC) Risk and Reward Oversight Committee (RROC)		
<b>Remuneration Principles</b>	Align with CFS's purpose, interests, culture, values, and strategy while supporting Members, Customers, and Shareholders. It promotes accountable behaviour, sound risk management, and adherence to the Code of Conduct. The policy ensures transparency, flexibility, competitive and fair pay, diversity, inclusion, and pay equity and adjusted for performance and risk, complies with all relevant regulations, and manages conflicts of interest.		
<b>Remuneration Policy</b>	The Remuneration Policy is designed to attract, retain, and motivate high calibre employees who can deliver on CFS's interests, purpose, culture, values and strategy, in the best interests of Members, Customers and Shareholders, whilst complying with legal and regulatory requirements.		
<b>Approach</b>	<b>Remuneration Design</b>	<b>Performance Management</b>	<b>Accountability &amp; Consequence Management</b>
	<ul style="list-style-type: none"> <li>• Fixed Remuneration</li> <li>• Variable Remuneration</li> <li>• Deferral</li> <li>• Other remuneration elements where appropriate (e.g. sign-on bonuses, allowances, and similar benefits)</li> </ul>	<ul style="list-style-type: none"> <li>• Organisation and business performance</li> <li>• Performance measure through KPI goals</li> <li>• Risks assessment</li> <li>• CFS values assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Accountability Statement</li> <li>• Reasonable Steps</li> <li>• Ensure accountability by aligning pay outcomes with responsible behaviour and effective risk management</li> </ul>
<b>Meeting Regulatory and Legal Obligations</b>			

The CFS Consequence Management Policy, within the Remuneration Framework, is designed to ensure that pay outcomes are aligned with risk and conduct results at CFS. Conflicts of interest may arise because the parent company of AIL evaluates performance from a shareholder perspective. AIL is required to consider members' best interests and prioritise them if they conflict with shareholder interests when assessing employee performance. Conflicts are managed by obtaining AIL Board approval for performance outcomes, focusing on members' best interests, and maintaining oversight from an independent Risk and Compliance function.

## Remuneration Policy

The CFS Remuneration Policy, a Group-wide policy applying to all employees, contractors and third parties within Colonial First State, has been adopted and approved by the AIL Board as it meets the minimum requirements of CPS 511 and appropriately reflects AIL's business activities, requirements and remuneration framework.

## Specified Roles

Specified Roles include the AIL CEO and Senior Managers, as well as Risk and Financial Control Personnel, comprising Line 2 Risk, Financial Control, and Audit Personnel.

In the 2025 Financial year, the Specified Roles under CPS 511 included:

• Chief Executive Officer, Superannuation & Investments
• Group Executive, Transformation, Technology & Operations
• Group Executive, Finance & Fund Services
• Group Executive Strategy, Legal & Corporate Affairs
• Group Executive, Customer Office <sup>1</sup>
• Group Executive, People & Culture
• Chief Investments Officer
• Chief Risk Officer
• General Counsel & Chief Compliance Officer
• Executive Director, Internal Audit

<sup>1</sup> **Note:** Two individuals held the Group Executive, Customer Office role in FY25.

## Remuneration Structure

### Fixed Remuneration

Fixed Remuneration comprises base pay and employer superannuation contributions. It is determined based on role, responsibilities, skills, experience, performance, internal equity, and market benchmarks. Fixed remuneration is reviewed annually for most employees in accordance with PRNC guidelines.

### Short-Term Variable Remuneration (STVR)

STVR is determined based on performance against key financial and non-financial measures, which span several critical performance categories, as well as alignment with CFS values and risk outcomes. The weighting of non-financial measures varies by role and business area and is reflected within the overall assessment framework.

Eligibility for STVR assessment begins with CFS achieving its annual EBITDA plan and in the opinion of the Board, risks overall have been well managed. Employees are then assessed against an agreed scoreboard, with outcomes further modified by an evaluation of how well they demonstrate CFS Values and meet risk management expectations.

STVR awards are ultimately at the discretion of the AIL Board. Subject to company and individual performance, employees may earn up to 1.5 times their STVR Target.

Depending on the level of STVR awarded to an employee in a Specified Role, a portion will be deferred in accordance with CPS 511 and FAR. Any deferred amounts will be notionally invested in a CFS investment fund and are subject to malus between award and vesting, and clawback for a further two years post-vesting.

#### Management Equity Plan (MEP)

The Management Equity Plan (MEP) is an equity-based variable incentive plan designed to motivate and retain eligible individuals. Shares may vest subject to the KKR Investor Group achieving the performance conditions. To the extent that these conditions are met, the proportion of shares that may vest depends on the total return on investment realised by the KKR Investor Group.

The MEP is subject to downward adjustment, and this would be considered by the AIL Board and the RROC, where members' best interests were not being adhered to.

#### **Design of Variable Remunerations plans**

Each employee completes a performance scoreboard for each performance year. This scoreboard contains five key metrics on which performance is assessed. These metrics are a combination of financial and non-financial measures which are aligned to the sustained performance of the business.

Performance against these measures is monitored throughout the year. At the end of the performance year, an employee's performance is measured against this scoreboard and the final score adjusted upwards or downwards based on an assessment of the employee against the CFS values and CFS risk expectations.

In addition to this, the Risk and Reward Oversight Committee (RROC) monitors risk matters and metrics throughout the year and provides its assessment on any risk matters that breach defined thresholds. In these instances, adjustments may be applied to current and historical variable remuneration using the following tools:

- (a) in-period adjustment - immediate modification of variable remuneration within the current performance cycle.
- (b) Malus - reduction of all or part of variable remuneration before it has vested.
- (c) Claw-back - recovery of an amount corresponding to some or all variable remuneration that has been paid or vested to an employee.

## 4. Risk Management Framework

The Remuneration Framework includes the Remuneration Policy and the Consequence Management Policy, both overseen by the Risk and Reward Oversight Committee (RROC). The AIL Board annually approves performance scoreboards for employees in Specified Roles and reviews how well these employees perform against those scoreboards. Decisions on pay outcomes for Responsible Persons, Accountable Persons, and employees in Specified Roles are made in consultation with relevant committees and the Chief Risk Officer, considering input from the RROC on consequence management. Final decisions, including any adjustments to deferred payments from previous years, are at the discretion of the AIL Board.

The remuneration and performance structure for employees in control functions must not compromise the independence of these roles. All Control Personnel should report to a Support Unit Leadership Team member. Where this is not the case, a Support Unit Leadership Team member must conduct their performance assessment and determine their remuneration.

For all Control Personnel, Key Performance Indicators (KPIs) must not compromise the independence of employees in carrying out their control functions. Specifically:

- financial KPIs may be linked to CFS Group's performance, but not to the performance of the Business Unit they advise or review;
- non-financial KPIs may be linked to individual, team or Business Unit performance, provided they are not related to areas where the employee performs a control function; and
- the ratio of annual variable remuneration to fixed remuneration should be appropriate and consistent with the CFS Group Remuneration Framework, where applicable.

### Deferrals and adjustments

For employees in certain Specified Roles, variable remuneration is deferred in line with the requirements of CPS 511 and FAR. The payment of deferred amounts will be subject to malus between award and vest, and clawback for a further two years from vest.

The Risk and Reward Oversight Committee (RROC) monitors risk matters and associated metrics through the year and evaluates any breaches of defined thresholds. Where such breaches occur, adjustments to current and historical variable remuneration can be applied through the following mechanisms:

- (a) in-period adjustment
- (b) Malus
- (c) Claw-back

Recommendations from the RROC flow through the Chief Risk Officer (CRO) and the People, Remuneration and Nomination Committee (PRNC) for final approval from the AIL Board.

## 5. Remuneration Outcomes for the Financial Year 2025

A\$m		CEO	Other senior managers
1	Number of employees paid fixed remuneration	1	10
2	<b>Total fixed remuneration</b>	<b>0.215</b>	<b>1.303</b>
3	of which: cash-based	0.205	1.241
4	of which: share-based awards	-	-
5	of which: other	-	-
6	Average percentage increase in total fixed remuneration (row 2) on previous financial year <sup>1</sup>	n/a	n/a
<b>Variable remuneration</b>			
7	Number of employees eligible for variable remuneration	1	8
8	Number of employees that received variable remuneration	1	8
9	<b>Total variable remuneration<sup>1</sup></b>	<b>0.194</b>	<b>0.812</b>
10	of which: cash-based	0.051	0.492
11	of which: share-based awards	0.066	0.253
12	of which: other	-	-
13	<b>Total variable remuneration (row 9) that has been deferred</b>	<b>0.143</b>	<b>0.320</b>
14	of which: cash-based	0.077	0.067
15	of which: share-based awards	0.066	0.253
16	of which: other		
17	Average percentage increase in total variable remuneration (row 9) on previous financial year <sup>2</sup>	n/a	n/a
18	<b>Total remuneration (sum of rows 2 + 9)</b>	<b>0.409</b>	<b>2.115</b>

<sup>1</sup> **Total Variable Remuneration (VR)** is the total sum of cash-based VR, shared-based VR and cash-based deferred VR.

<sup>2</sup> As 2025 is the first year of CPS 511 remuneration disclosures, there is no comparative information disclosed for the prior year. This information will be included as of the 2026 remuneration disclosure.

**Note:** there were no paid High Material Risk Takers or Other Material Risk Takers beyond those already captured by the information disclosed above for the CEO and other Senior Managers.

## Special Payments

A\$m		CEO	Other senior managers
1	Number of employees paid a guaranteed bonus	-	-
2	<b>Total guaranteed bonuses</b>	-	-
3	Number of employees paid a sign-on award	-	-
4	Total sign-on awards	-	-
5	Number of employees paid a severance payment	-	1
6	<b>Total severance payments</b>	-	<b>0.055</b>

## Deferral and adjusted variable remuneration

A\$m		A Total amount of outstanding deferred variable remuneration post adjustments	B Total amount of variable remuneration not deferred post adjustments	C Total amount of downward adjustments to variable remuneration reported in columns A and B
<b>CEO</b>				
1	Total CEO	-	-	-
2	of which: cash	-	-	-
3	of which: share-based awards	-	-	-
4	of which: other	-	-	-
<b>Other senior managers</b>				
5	Total senior managers	-	-	-
6	of which: cash	-	-	-
7	of which: share-based awards	-	-	-
8	of which: other	-	-	-



<b>Highly paid material risk-takers</b>				
9	Total highly paid material risk-takers	-	-	-
10	of which: cash	-	-	-
11	of which: share-based awards	-	-	-
12	of which: other	-	-	-
<b>Other material risk-takers</b>				
13	Total other material risk-takers	-	-	-
14	of which: cash	-	-	-
15	of which: share-based awards	-	-	-
16	of which: other	-	-	-
17	<b>Total (sum of rows 1 + 5 + 9 + 13)</b>	-	-	-