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# REMUNERATION POLICY

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Version: 6 December 2019

**Policy Owner:** Chief People Officer

**Policy Approver:** Board

**Last Approval:** Not Applicable

## Background

### Overview

Tyro is committed to attracting and retaining the best people to work in the organisation, including directors and senior management. Tyro is regulated by the Australian Prudential Regulatory Authority (APRA). A key element in achieving that objective is to ensure that Tyro is able to appropriately remunerate its team.

### Purpose of policy and key principles

The purpose of this remuneration policy is to establish a framework for remuneration that:

- a. ensures coherent remuneration policies and practices are observed which enable the attraction and retention of directors, management and team members who will create value for shareholders;
- b. fairly and responsibly rewards directors, senior management and team members having regard to Tyro's performance; the performance of the senior management and team members; and the general pay environment; and
- c. complies with all relevant legal and regulatory provisions.

In the event that aspects of this remuneration policy and applicable requirements of the Banking Executive Accountability Regime (BEAR) are inconsistent in relation to a portion of variable remuneration of an accountable person payable in respect of a period commencing on or after 1 July 2019, to the extent of the inconsistency the BEAR will prevail and otherwise full effect will be given to this Policy (note: information about the BEAR is set out later in this Policy.)

## Key concepts

### Responsibility

The Nominations & Remuneration Committee (Committee) is responsible, amongst other things, for assisting the Board to determine the appropriate remuneration for directors, senior management and team members.

### Principles

In order to fulfil the role of the Committee set out above, the Committee members must refer to the purpose and key principles underpinning this remuneration policy as outlined under the heading "Purpose of policy and key principles" above, when developing recommendations to the Board regarding remuneration.

### Remuneration packages for executive directors and senior executives

Remuneration for executive directors and senior executives may incorporate fixed and variable pay performance elements with both a short term and long term focus. Remuneration packages may contain any or all of the following:

- a. **annual base salary** - reflecting the value of the individual's personal performance, their ability and experience, as well as Tyro's obligations at law and labour market conditions and should be relative to the scale of Tyro's business;
- b. **performance based remuneration** - rewards, bonuses, special payments and other measures available to reward individuals and teams following a particular outstanding business contribution having regard to clearly specified performance targets and to the Tyro's circumstances, values and risk appetite;
- c. **equity based remuneration** - share participation via employee share and option schemes, reflecting Tyro's short, medium and long term performance objectives;
- d. **other benefits** - such as annual leave, sickness benefits, superannuation payments and long service benefits;
- e. **expense reimbursement** - for any expenses incurred in the course of the personnel's duties; and
- f. **termination payments** - any termination payments should reflect contractual and legal obligations and will not be made when an executive is terminated for misconduct.

### Remuneration for non-executive directors

Remuneration for non-executive directors may contain any or all of the following:

- a. **annual fees** - reflecting the value of the individuals' personal performance, time commitment and responsibilities of the role;
- a. **equity based remuneration** - issues of shares or securities, reflecting the contribution of the Director towards Tyro's medium and long term performance objectives;
- b. **other benefits** - superannuation payments, but not including retirement benefits that are additional to the individual's superannuation.

## Assessing remuneration

The Committee will make a recommendation to the Board regarding the remuneration of executive directors and senior management having regard to various factors including performance and any recommendations made by the Managing Director|CEO, senior management, compensation consultants and other advisors. The Committee will also make a recommendation to the Board regarding the remuneration of non-executive directors having regard to, amongst other things, any recommendations made by compensation consultants and other advisors.

## Economic risk management for equity participation schemes

No Director or member of senior management (including any employee who is a restricted employee under the Company's Securities Trading Policy) who participates in an equity based remuneration scheme established by Tyro may enter into any transaction designed to limit the economic risk of participating in the equity based remuneration scheme.

If a participant in an equity based remuneration scheme established by the Company enters into any transactions (whether through the use of derivatives or otherwise) which is designed to limit the economic risk of participating in the equity based remuneration scheme:

- b. the participant must disclose details of the transaction to the Company Secretary;
- c. the Company Secretary will disclose to the Board all details of any such economic risk management transactions; and
- d. the Board will consider:
  - whether the participant is a key management personnel and if so whether there has been a breach of any law;
  - whether the equity based remuneration scheme should be amended; or
  - whether future participation of the senior executives in the equity based remuneration scheme should be amended in anyway.

## BEAR provisions

The BEAR requires a prudentially regulated ADI to:

- a. have and agree with APRA an accountability map which allocates responsibilities to senior executives;
- b. ensure APRA is notified of any changes to the accountability mapping;
- c. have accountability statements for its accountable persons;
- d. comply with deferred remuneration obligations that mean it must ensure the payment of a portion of the variable remuneration of accountable persons is deferred for the minimum period required by the BEAR;
- e. have a remuneration policy in force that requires that, if an accountable person fails to comply with his or her accountability obligations, to have their variable remuneration reduced by an amount that is proportionate to the failure;
- f. ensure that if the remuneration policy requires that variable remuneration to be reduced because of that failure, the amount of the reduction is not paid to the person; and
- g. take reasonable steps to ensure that if variable remuneration becomes payable to an accountable person of a subsidiary of the ADI, the subsidiary will comply with the obligations that the ADI would otherwise be required to meet.

In the event that aspects of this Policy and applicable requirements of the BEAR are inconsistent in relation to the payment of a portion of variable remuneration of an accountable person, to the extent of the inconsistency, the BEAR will prevail and otherwise full effect will be given to this Policy.

## Variable remuneration

Variable remuneration for purposes of the BEAR is so much of an accountable person's total remuneration as is conditional on the achievement of objectives.

However, the general principle is subject to modification by APRA as it can specify by written notice to the Company that remuneration of a particular kind of an accountable person is or is not variable remuneration.

## Accountable persons

An individual is an accountable person of the Company in the circumstances prescribed by the BEAR. These are:

- a. If he or she:
  - holds a position in the Company or a subsidiary or in another body corporate of which it is a subsidiary; or
  - holds a position in a subsidiary of the Company,

and because of the position, the individual has actual or effective senior executive responsibility for the management or control of the Authorised Deposit-Taking Institution (ADI), management or control of a significant or substantial part or aspect of the operations of the ADI or group of companies constituted by the ADI and its subsidiaries.

- b. If he or she holds a position in or relating to the ADI and because of that position he or she has a responsibility relating to the ADI of a kind set out below:
- responsibility for oversight of the ADI as a member of the board of the ADI; or
  - senior executive responsibility for:
    - carrying out the management of all the business activities of the ADI and its subsidiaries including allocating to accountable persons responsibility for all parts or aspects of the ADI and its subsidiaries, and reporting directly to the board of the ADI;
    - management of the ADI's financial resources;
    - overall risk controls and / or overall risk management arrangements of the ADI;
    - management of the ADI's operations;
    - information management including information technology systems for the ADI;
    - management of the ADI's internal audit function;
    - management of the ADI's compliance function;
    - management of the ADI's human resource function; or
    - management of the ADI's anti-money laundering function
- c. If he or she holds a position in or relating to the ADI and because of that position he or she has a responsibility relating to the ADI of a kind specified by APRA by legislative instrument.

## Accountability obligations

The BEAR imposes on each individual who is an accountable person obligations to conduct responsibilities of his or her position as an accountable person:

- a. by acting with honesty and integrity, and with due skill, care and diligence; and
- b. by dealing with APRA in an open, constructive and cooperative way; and
- c. by taking reasonable steps to prevent matters from arising that would adversely affect the prudential standing or prudential reputation of the ADI.

Where more than one of the accountable persons of an ADI have the same responsibility mentioned under the categories of accountable persons above in relation to the ADI, all of those accountable persons have the accountability obligations jointly in relation to that responsibility.

APRA is able to redirect Tyro in relation to the responsibilities of any accountable person.

## Other matters

### Amendment of policy

This Policy can only be amended with the approval of the Board.

### Adoption of Policy and Board review

This Policy was adopted by the Board on the date on the front cover of this Policy, and takes effect from that date and replaces any previous policy in this regard.

The Committee and the Board will review this Policy periodically. The Company Secretary will communicate any amendments to employees as appropriate.