



# Corporate Governance Statement

2024

Cuscal



## Table of Contents

<b>Approach to Corporate Governance</b> .....	<b>3</b>
<b>1. Principle 1 - Lay solid foundations for management and oversight</b> .....	<b>3</b>
1.1. The Role of the Board and Management .....	3
1.2. Appointment of New Directors.....	5
1.3. Letter of Appointment for Directors.....	6
1.4. Company Secretary .....	6
1.5. Diversity .....	6
1.6. Performance Evaluation .....	7
<b>2. Principle 2 - Structure the Board to be effective and add value</b> .....	<b>8</b>
2.1. Nomination, Appointment and Re-election of Directors .....	8
2.2. Composition of the Board .....	8
2.3. Director Independence.....	10
2.4. Chairman and Managing Director are not the Same Person.....	10
2.5. Director Education and Induction.....	10
2.6. Avoidance of Conflicts of Interest .....	11
2.7. Access to Information and Independent Advice .....	11
<b>3. Principle 3 – Instil a culture of acting lawfully, ethically and responsibly</b> .....	<b>11</b>
3.1. Values .....	11
3.2. Code of Conduct.....	11
3.3. Whistleblower Policy .....	12
3.4. Anti-bribery and Corruption Policy .....	12
<b>4. Principle 4 Safeguard the integrity of corporate report</b> .....	<b>12</b>
4.1. Board Audit Committee .....	12
4.2. Declarations .....	13
4.3. Audit Process.....	13
<b>5. Principle 5 – Make timely and balanced disclosure and</b> .....	<b>13</b>
<b>6. Principle 6 - Respect the rights of security holders</b> .....	<b>13</b>
6.1. Shareholder Communications.....	13
<b>7. Principle 7 – Recognise and manage risk</b> .....	<b>14</b>
7.1. Board Risk Committee .....	14
7.2. Risk Management and Internal Audit .....	14
7.3. Environmental and Social Risks .....	15
<b>8. Principle 8 – Remunerate fairly and responsibly</b> .....	<b>16</b>
8.1. Board Governance and Remuneration Committee .....	16



## Approach to Corporate Governance

This document reflects Cuscal Limited's (**Cuscal's** or the **Company's**) corporate governance framework as at 30 June 2024 and up to the date of publication of the 2024 Annual Report and has been approved by the Board.

The Cuscal Board has responsibility for the overall governance of Cuscal, including the formation of strategic direction and policy, approval of plans and goals for management, and the review of performance against those goals. The Board has established appropriate structures for the management of Cuscal, including an overall framework of internal control, risk management, compliance and ethical standards.

Cuscal subscribes to applicable best practice governance principles and, where appropriate, is an early adopter of emerging guidance and regulation on better practice governance. The Board regularly reviews developments in governance and updates Cuscal's governance practices accordingly.

Cuscal's governance arrangements are set by the Board having regard to the ASX Corporate Governance Council's (**ASX CGC**) Corporate Governance Principles and Recommendations (4th Edition) (**ASX Principles and Recommendations**), Cuscal's obligations under the Prudential Standards and guidance issued by the Australian Prudential Regulation Authority (**APRA**), including Cuscal's obligations under the Financial Accountability Regime (**FAR**).

Cuscal is committed to adopting best practice in corporate governance where these practices are appropriate to Cuscal. Consistent with the ongoing review of Cuscal's corporate governance framework to ensure that it reflects best practice.

### 1. Principle 1 - Lay solid foundations for management and oversight

#### 1.1. The Role of the Board and Management

The Board has adopted a charter (**Charter**) that sets out the role, composition and responsibilities of the Board. The Charter clearly defines the matters expressly reserved for the Board and delegates the day-to-day management and administration of Cuscal to the Managing Director, within approved limits, and other specified delegations of authority approved by the Board.

The Board is ultimately responsible for matters including:

- ❑ Approving and monitoring the implementation of Cuscal's corporate strategy, business and financial plans and performance objectives;
- ❑ Approving Cuscal's annual budgets and financial statements and monitoring financial performance against forecast and prior periods;
- ❑ Approving the capital management of Cuscal including approval of the Internal Capital Adequacy Assessment Process;
- ❑ Overseeing the operational and financial performance of Cuscal;
- ❑ Forming a view of Cuscal's risk culture, and the extent to which that culture supports the ability of Cuscal to operate consistently within its Risk Appetite Statement (**RAS**), identify any desirable changes to the risk culture and ensure Cuscal takes steps to address those changes; and
- ❑ Approving Cuscal's Risk Management Framework (**RMF**) and RAS and, with the guidance of the Board Risk Committee, reviewing and undertaking oversight and challenge to ensure Management's implementation and operation of the RMF, reviewing overall current and future



risk appetite and tolerance, and ensuring that Cuscal's operational structure continues to facilitate effective risk management and adequate risk management resources are available.

The day-to-day responsibility for the operation of the business is delegated to the Managing Director. The Board is scheduled to meet six times per year and at the Annual General Meeting (**AGM**), but this number may be increased during the year, as required. Additionally, a dedicated annual strategy planning forum is scheduled with the Executive Leadership Team and relevant senior management. The forum provides an opportunity for consideration of longer-term strategic issues and initiatives.

The Chairman and the Managing Director establish Board meeting agendas, with the assistance of the Company Secretary. Board papers are distributed electronically for Directors to review in advance of each meeting. The Executive Leadership Team are regular invitees to Board meetings. Directors also meet from time to time without the Managing Director or management representatives.

The Annual Report discloses the names and tenure of Directors, the number of times the Board and Board Committees met for the financial year ending 30 June 2024 (**FY24**), and individual attendances at those meetings.

To assist in performing these duties in the most efficient manner, the Board has established three Board Committees:

- ❑ Board Audit Committee (**BAC**);
- ❑ Board Risk Committee (**BRC**); and
- ❑ Board Governance and Remuneration Committee (**BGRC**).

Cuscal also has a Nominations Committee which is constituted as required in accordance with the Nominations Committee Charter. The objective of the Nominations Committee is to act as a selection panel on potential Board candidates that:

- ❑ May be considered for appointment or election to fill a vacancy that arises from the retirement of a Director that occurs prior to the AGM at which the Director would otherwise be due to retire; or
- ❑ Have been nominated by shareholders for election at the AGM in accordance with the Constitution.

The BGRC otherwise oversees the Board nominations process, including overseeing recruitment of potential Board candidates and ensuring shareholders are notified as required by the Board Charter and making recommendations to the Board regarding election of Directors in accordance with the Constitution.

The Board invites Executives to attend Board and Committee meetings where appropriate. Executives are required to report regularly to the Board to create a culture that promotes transparency, candor, contestability and foresight.

Directors are entitled to request additional information at any time they consider appropriate and an open dialogue between individual Directors, the Managing Director and Executives is encouraged.

During FY24 the Board comprised seven Non-Executive Directors and one Executive Director, being the Managing Director. Of the Non-Executive Directors, four are independent Directors and three are shareholder nominated Directors.





With effect from 31 July 2024 the Board comprises six Non-Executive Directors and one Executive Director, being the Managing Director. Of the Non-Executive Directors, four are independent Directors and two are shareholder nominated Directors.

## 1.2. Appointment of New Directors

The Board has adopted a selection framework for the appointment of Directors. Under this framework, the BGRC assesses all Non-Executive Directors and potential candidates in accordance with the criteria contained in the framework, as well as the Fit and Proper Policy, Skills Matrix and the requirements of APRA Prudential Standard CPS 510 Governance and CPS 520 Fit and Proper. Appropriate background checks are also undertaken periodically during each Director's tenure.

The Nominations Committee also assesses potential Board candidates that:

- ❑ May be considered for appointment or election to fill a vacancy that arises from the retirement of a Director that occurs prior to the AGM at which the Director would otherwise be due to retire; or
- ❑ Have been nominated by shareholders for election at the AGM in accordance with the Constitution.

During the Director selection process, potential candidates are subject to appropriate and prudent background and screening checks prior to appointment. These include checks in relation to the person's character experience and qualifications, criminal history, bankruptcy as well as ensuring that the person is available to provide the appropriate time commitment to serve as a Director on the Board.

Other matters to be considered in the selection of candidates include:

- ❑ Strategic issues, and commercial and other challenges facing Cuscal;
- ❑ The overall balance of skill sets available on the Cuscal Board at the time and those likely to be required over the following three years, with reference to the Skills Matrix, and taking into account competencies required under the Fit and Proper Policy;
- ❑ Assessment of Cuscal's position with respect to market-based remuneration levels for Directors; and
- ❑ Whether the candidate's professional skills, background, personal qualities and experience will augment the existing Board.

A Director who has been appointed by the Board to fill a vacancy will serve a term which will expire at the conclusion of the AGM following their appointment and be eligible to stand for election, subject to the Constitution. Additionally, Directors who have been in office without re-election for three years since their last appointment must retire and seek re-election at the AGM. In each case, the Company provides to shareholders all material information in its possession, concerning the Director standing for appointment or re-election, in the explanatory memorandum to the relevant Notice of Meeting. Directors will also include a recommendation within any Notice of Meeting on the manner in which shareholders are encouraged to vote with respect to any resolutions relating to the election of Directors.





### 1.3. Letter of Appointment for Directors

Directors receive formal letters of appointment setting out the arrangements relating to their appointment including:

- ❑ Term of appointment;
- ❑ Anticipated time commitment;
- ❑ Remuneration;
- ❑ Requirements to disclose interests which may affect independence;
- ❑ Requirements to comply with key Company policies;
- ❑ Entitlement to seek independent advice at the expense of the Company;
- ❑ Insurance, indemnity and ongoing rights to access information arrangements; and
- ❑ Ongoing confidentiality obligations.

Similarly, the Managing Director and Executives all have employment contracts which set out the key terms and conditions of their appointment and include details about their remuneration. These are updated from time to time, as appropriate. Background screening checks are undertaken in respect of all Executives prior to appointment and periodically.

### 1.4. Company Secretary

During the period, the Company had two Company Secretaries, Ms Freya Smith and Mr Sean O'Donoghue.

The Company Secretary and each Director communicate directly as required. The Company Secretary also has an internal reporting line to the Managing Director on legal matters in respect of the business. The Company Secretary is responsible for supporting the effectiveness of the Board by ensuring that policies and procedures are followed and co-ordinating the completion and dispatch of the Board agendas and papers. The Company Secretary is appointed by the Board. Ms Smith's and Mr O'Donoghue's biographies are included within the Annual Report.

### 1.5. Diversity

The Board has adopted a Diversity, Equity and Inclusion Policy and Cuscal is committed to providing and promoting a corporate culture which embraces diversity. The Diversity, Equity and Inclusion Policy includes a requirement for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. The Chief Legal and People Officer is responsible for ensuring that Cuscal meets its diversity compliance and reporting obligations.

Diversity helps Cuscal to improve business results, enhance its reputation and attract, engage and retain talented people. People value working in an organisation where differences are respected. In addition, having a diverse range of employees better enables Cuscal to provide the best service to its clients. Cuscal's Diversity, Equity and Inclusion Policy is designed to clarify Cuscal's commitment to an inclusive workforce that embraces and promotes diversity in all respects.

Cuscal's work on diversity and inclusion is part of the Company's overall ESG strategy.





As at 30 June 2024, Cuscal's consolidated gender composition was as follows:

- ❑ 50% females on the Board.
- ❑ 37.5% of females in senior leadership roles\*.
- ❑ 34.2% of females in people leadership roles.
- ❑ 41.2% of females across all employees.

\*Defined as those employees who are members of the Senior Leadership Team and the Executive Leadership Team.

Cuscal is also a 'relevant employer' under the *Workplace Gender Equality Act 2012* (Cth) and has submitted reports on the standardised gender equality indicators to the Workplace Gender Equality Agency.

## 1.6. Performance Evaluation

The BGRC is responsible for scheduling formal performance reviews of the Board, its Committees and the individual Directors annually, assisted by the Company Secretary. The Board undertakes an evaluation process to review its performance. The review process involves:

- ❑ Annually - Completion of an externally administered and collated questionnaire/survey by each Director or member of each Committee with preparation and provision of a report to the Board and each Director with feedback on the performance of the Board and its Committees based on the survey results.
- ❑ Every 3 years – Comprehensive, externally facilitated evaluation with preparation and provision of a report to the Board and each Director with feedback on the performance of the Board and its Committees based on the external evaluation.
- ❑ Annually - Individual feedback session conducted by the Chairman with each Non-Executive Director, covering his or her performance based on the survey results.

The Board/Committee members meet to discuss areas for improvement and identify actions to be taken for improvement.

A performance review of the Board, its Committees and the individual Directors was conducted during FY24 via an externally administered and collated questionnaire/survey. The next performance review is scheduled for December 2024 and will be a comprehensive, externally facilitated evaluation.

Key performance measures for the Managing Director and the Executive Leadership Team are reviewed and recommended to the Board by the BGRC at the commencement of each financial year. The BGRC, together with the Managing Director reviews and makes recommendations to the Board following the Managing Director's annual performance assessment of the Executive Leadership Team against the agreed performance measures. The annual performance assessment of the Managing Director is undertaken by the BGRC. A performance evaluation of the Managing Director and the Executive Leadership Team was conducted in respect of FY24. Key performance measures in respect of FY25 for the Managing Director and the Executive Leadership Team have also been established and approved by the Board.





## 2. Principle 2 - Structure the Board to be effective and add value

### 2.1. Nomination, Appointment and Re-election of Directors

Both the composition of the Board and the election of Directors are determined in accordance with the Constitution, and any such regulatory requirements as apply from time to time. All Directors are required to be elected by shareholders.

The Board, with guidance from the BGRC, evaluates its composition annually, considering matters such as the complexity of the business, the effectiveness and efficiency of the Board, and the desired capabilities and expertise of the collective Board and individual Directors to lead Cuscal in implementing its strategic plan. External consultants may be engaged to assist the Board in identifying appropriate candidates for appointment.

The Nominations Committee will assess potential Board candidates that:

- ❑ May be considered for appointment or election to fill a vacancy that arises from the retirement of a Director that occurs prior to the AGM at which the Director would otherwise be due to retire; or
- ❑ Have been nominated by shareholders for election at the AGM in accordance with the Constitution.

### 2.2. Composition of the Board

During FY24 the Board comprised seven Non-Executive Directors and one Executive Director, being the Managing Director. The Board's size and composition is determined by the Directors, within limits set by the Company's Constitution.

In FY24 the Directors were as follows:

- ❑ Independent Chairman, Elizabeth Proust, AO
- ❑ Managing Director, Craig Kennedy
- ❑ Independent Non-Executive Director, Trudy Vonhoff
- ❑ Independent Non-Executive Director, Belinda Cooney
- ❑ Independent Non-Executive Director, Claudine Ogilvie
- ❑ Non-Executive Director, Ling Hai
- ❑ Non-Executive Director, Daryl Johnson<sup>1</sup>
- ❑ Non-Executive Director, Wayne Stevenson

Directors' profiles, duration of office and skills and experience are set out in the Annual Report. The Board seeks to have an appropriate mix of skills, experience, expertise and diversity to enable it to discharge its responsibilities and add value to the Company. The Board values diversity in all respects, including gender and differences in background and life experience, communication styles, interpersonal skills, education, functional expertise and problem-solving skills.

Together, the Directors who served throughout the 2024 financial year contribute the following key skills and experience:









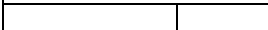
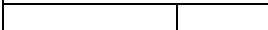
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<sup>1</sup> Daryl Johnson retired from the Board effective 31 July 2024.








Skill Area	Description	Collective Experience
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Demonstrated experience in developing, implementing and delivering strategic business objectives; and</li> <li>• Ability to think strategically; and</li> <li>• Identify, and critically assess, strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of Cuscal's relevant policies and priorities.</li> </ul>	 Limited      Some      Extensive
<b>Policy</b>	Ability to identify key issues and opportunities for Cuscal within the financial services and payments industries and develop appropriate policies to define the parameters within which Cuscal can, and should, operate.	 Limited      Some      Extensive
<b>Finance</b>	Qualifications and/or proficiency in financial accounting and reporting and the ability to: <ul style="list-style-type: none"> <li>• analyse key financial statements;</li> <li>• critically assess financial viability and performance;</li> <li>• manage capital requirements;</li> <li>• contribute to strategic financial planning;</li> <li>• oversee budgets and the efficient use of resources; and</li> <li>• oversee funding arrangements and accountability.</li> </ul>	 Limited      Some      Extensive
<b>Legal</b>	Proven ability and understanding in the application of legal principles, including, but not limited to: <ul style="list-style-type: none"> <li>• financial services law;</li> <li>• applicable legislation; and</li> <li>• sophisticated corporate governance structures, including duties as directors, and a commitment to high standards of corporate governance.</li> </ul>	 Limited      Some      Extensive
<b>Risk &amp; Compliance</b>	Ability, in respect of strategic, operation and financial risk to: <ul style="list-style-type: none"> <li>• identify key risks to Cuscal in a wide range of areas including legal and regulatory compliance;</li> <li>• monitor risk and compliance management frameworks and systems; and</li> <li>• have an oversight of a broad range of policies.</li> </ul>	 Limited      Some      Extensive
<b>IT/ Technology</b>	Knowledge and experience in: <ul style="list-style-type: none"> <li>• the strategic use and governance of information management and information technology including digital strategies, disruption and innovation; and</li> <li>• the use of technology in payments or other financial services contexts.</li> </ul>	 Limited      Some      Extensive
<b>Executive Management</b>	Experience at an executive level including the ability to: <ul style="list-style-type: none"> <li>• appoint and evaluate the performance of the Managing Director and senior executives;</li> <li>• oversee strategic human resource management including workforce planning, and employee and industrial relations; and</li> <li>• oversee large scale organisational change.</li> </ul>	 Limited      Some      Extensive
<b>Commercial</b>	A broad range of commercial/business experience, preferably in the small to medium enterprise context, in areas including communications, marketing, branding and business systems, practices and improvement.	 Limited      Some      Extensive
<b>Stakeholder engagement</b>	<ul style="list-style-type: none"> <li>• High level reputation and networks in financial services industry including relationships with relevant industry organisations and business groups; and</li> <li>• The ability to effectively engage and communicate with government, regulators and other stakeholders.</li> </ul>	 Limited      Some      Extensive
<b>People and workplace Health</b>	Experience in overseeing and assessing senior management, remuneration frameworks, workplace health and safety and strategic people management.	 Limited      Some      Extensive





<b>Mutual mindset</b>	Understanding and appreciation of: <ul style="list-style-type: none"> <li>the core foundations of a mutual enterprise structure;</li> <li>material decision-making being undertaken in the best interests of the members as a whole in the long term, as they are who a mutual enterprise principally serves; and</li> <li>collective endeavour and how membership values shape and inform the benefits delivered to members through products and services.</li> </ul>			
		Limited	Some	Extensive

### 2.3. Director Independence

The Board considers an independent Director to be a Non-Executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. The Board will consider the materiality of an interest, position or relationship for the purposes of determining 'independence' on a case-by-case basis, in line with the definition and considerations set out in APRA Prudential Standard CPS 510 (**CPS 510**).

In FY24 the Company obtained an exemption from APRA from the requirement in CPS 510 that the Board have a majority of independent Directors at all times on condition that the Board has a majority of independent Directors by no later than 31 October 2024. With effect from 31 July 2024, Daryl Johnson retired as a Non-Executive Director of the Company. As a result, the Board now comprises a majority of independent Directors for the purpose of CPS 510.

The Board considers that each of Elizabeth Proust, Belinda Cooney, Trudy Vonhoff and Claudine Ogilvie is free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them is able to fulfil the role of independent Director for the purpose of CPS 510.

Craig Kennedy is currently considered by the Board not to be independent as he is employed by the Company in an executive capacity.

Ling Hai and Wayne Stevenson are also currently considered by the Board not to be independent as shareholder nominated directors.

The Board will regularly review the independence of each Director, and any subsequent Directors appointed, in light of interests disclosed to the Board.

### 2.4. Chairman and Managing Director are not the Same Person

The Chairman of the Board is elected by the Non-Executive Directors. The Board supports the separation of the role of Chairman and Managing Director. The Chairman's role is to manage the Board effectively, to provide leadership to the Board, and to facilitate the Board's interface with the Managing Director.

### 2.5. Director Education and Induction

All Directors are responsible for ensuring they remain current in understanding their duties as Directors. Cuscal has an induction program in place for new Directors, and the Board has established guidelines on the continuing professional development of Directors. Each Director is required to undertake appropriate annual professional development and is obliged to maintain their record of training and attest to its completion as part of the annual Directors' Fit and Proper assessment process.





Training and development initiatives are also subject to regular review, having regard to Board composition and the particular circumstances relevant to Cuscal from time to time.

In addition, Board meetings regularly include workshops and other development sessions to build knowledge on important issues and to ensure the Board is kept up to date on relevant industry matters. Members of the Executive Leadership Team or external experts usually facilitate the workshops.

## 2.6. Avoidance of Conflicts of Interest

Directors have a continuing responsibility to avoid conflicts of interest (both real and apparent) between their duty to Cuscal and their own interests.

Directors are required to disclose any actual or potential conflicts of interest on appointment and are required to keep this disclosure up to date. Cuscal's Board has a standing Board and Committee meeting agenda item for Directors to advise of any change in circumstances which may lead to real or perceived conflicts of interest.

Directors are bound by Cuscal's Conflicts of Interest Policy.

## 2.7. Access to Information and Independent Advice

All Directors have access to the Managing Director's direct reports and the Company Secretary to discuss issues or obtain information on specific areas in relation to items to be considered at Board meetings or other matters as they consider appropriate. Further, Directors have unrestricted access to Group records and information. The Board, its Committees and each Director has the right, subject to the approval of the Chairman, to seek independent professional advice at the Group's expense to assist them to carry out their responsibilities. Further, the Board and its Committees have the authority to secure the attendance at meetings of outsiders with relevant experience and expertise.

# 3. Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

## 3.1. Values

Cuscal has adopted the following values which embody its culture, behaviours and actions:

- ❑ **We Earn Trust:** Trust and transparency form the foundation of everything we do.
- ❑ **We are One Team:** One Cuscal, one team, one plan. What we achieve we achieve together.
- ❑ **We Think Customer:** Our partnership and service set us apart.
- ❑ **We Adapt and Adopt:** We are innovative on the growth edge. We lead the way into the future.

These values have been created to build a shared understanding of the priorities of the Company in its decision making and focus.

## 3.2. Code of Conduct

The Board maintains high standards of ethical conduct and the Managing Director is responsible for ensuring that high standards of conduct are maintained by all staff. Cuscal's reputation as an ethical business organisation is critical to its ongoing success. The Board has adopted a Code of Conduct





which applies to all Directors and employees and covers the practices necessary to maintain confidence in Cuscal's integrity, the practices necessary to take into account Cuscal's legal obligations and reasonable expectations of its stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. It is not a prescriptive set of rules but rather a practical set of principles giving direction and reflecting Cuscal's approach to business conduct.

Cuscal encourages individuals to report known or suspected instances of inappropriate conduct, including breaches of the Code of Conduct and other policies and directives. There are policies in place designed to protect employees and contractors from any reprisal, discrimination or being personally disadvantaged as a result of their reporting a concern.

### 3.3. Whistleblower Policy

Cuscal has a current Whistleblower Policy published on its website.

The purpose of the Whistleblower Policy is to document Cuscal's commitment to maintaining an open working environment of honesty and integrity, and the requirement for Cuscal's people to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Cuscal encourages its employees to speak up about improper conduct and commits to ensuring that people can do so without fear of intimidation, disadvantage or reprisal. This is to allow us to detect and address wrongdoing, as soon as possible.

Cuscal also has an independent whistleblower hotline, which employees can contact to make disclosures anonymously. In the event that there are any material incidents reported under the Whistleblower Policy, such incidents will be reported to the Board.

### 3.4. Anti-bribery and Corruption Policy

Cuscal has a Fraud Management Policy which incorporates its policy on bribery and corruption as well as its management of broader fraud risk. Cuscal is intolerant of fraud, including bribery and corruption, and is committed to ensuring fraud control activities are in place to prevent and detect fraud events. The policy sets out the steps Cuscal takes to mitigate fraud risk and actions to escalate and investigate actual or alleged fraud incidents should they occur.

The Board are informed of material breaches of the policy as part of the periodic risk reporting in accordance with the policy.

## 4. Principle 4 Safeguard the integrity of corporate report

### 4.1. Board Audit Committee

The Board has established a Board Audit Committee, governed by the Board Audit Committee Charter, to advise the Board on the effectiveness of Cuscal's financial and regulatory reporting and overall internal control frameworks, as well as to provide the Board with assurance that all key risks relevant to Cuscal have been appropriately identified, managed and reported to the Board in accordance with Cuscal's RMF.

During FY24 the BAC consisted of an independent Chairman plus four other Non-Executive Directors. Following the retirement of Daryl Johnson effective 31 July 2024, the BAC consists of an independent Chairman plus three Non-Executive Directors. A majority of the members are independent. All members are financially literate. The Managing Director and Chief Financial Officer are invited to, and





attended, all BAC meetings, with other selected senior management as required. A standing invitation is extended to External Audit and Internal Audit representatives.

## 4.2. Declarations

Before approving Cuscal's financial statements, the Managing Director and Chief Financial Officer provide a written declaration to the Board that, in their opinion, Cuscal's financial records have been properly maintained and the financial statements comply with the appropriate accounting standards and give a true and fair view of Cuscal's financial position and performance and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## 4.3. Audit Process

The financial reports are subject to an annual audit by an independent professional auditor, who also reviews Cuscal's half yearly financial statements. The BAC oversees this process on behalf of the Board, in accordance with its Charter. The current external auditor is Ernst & Young. The lead audit and engagement partner for FY24 was Mr Andrew Harmer.

The external auditor attended the 2023 AGM and was available to answer questions from shareholders present at the meeting.

- 5. Principle 5 – Make timely and balanced disclosure and
- 6. Principle 6 - Respect the rights of security holders

## 6.1. Shareholder Communications

The Board is committed to protecting shareholders' interests and aims to ensure that shareholders are well informed of all major developments affecting Cuscal's operations and financial standing. The Board has in place a Shareholder Engagement Plan for Cuscal's continuing engagement and disclosure to its shareholders throughout the year. Communication with shareholders occurs through the following channels:

- ❑ **Cuscal's Website:** Information on Cuscal, including details of its Directors and Executive Leadership Team and certain corporate governance policies are detailed on Cuscal's public website.
- ❑ **Corporate Reports:** Each year the Annual Report provides a comprehensive explanation of the Cuscal Group's business performance and is audited in accordance with the Corporations Act requirements. Cuscal also provides shareholders with a half-yearly financial report, notwithstanding that there is no statutory obligation for Cuscal to do so. The reports are unaudited but follow the AASB standards for interim financial statements. A management verification process, with supporting evidence file, is also in place in relation to the unaudited half year report and unaudited parts of the annual report (such as the Corporate Governance Statement and Directors' Report).
- ❑ **General Meetings:** The Cuscal Annual General Meeting includes addresses from both the Chairman and the Managing Director. Shareholders have the opportunity to express their views, ask questions about Cuscal's business, and vote on other items of business as appropriate. Other general meetings are held as needed.





- ❑ **Shareholder Centre:** Information relevant to shareholders, including papers and presentations made at shareholder meetings and forums, is available through the Shareholder Centre on Cuscal's secure shareholder website. This website also contains governance documents, dividend history and Cuscal share trading information.
- ❑ **Shareholder Announcements:** News is distributed via email to shareholder Chairs, CEOs and other shareholder contacts as advised to Cuscal and is also posted on the Shareholder Centre secure website. Such news includes financial results, dividends, material announcements and performance updates. The Board also receives copies of shareholder announcements as soon as practicable after they are made. All shareholders can send communications to Cuscal electronically via the [companysecretariat@cuscal.com.au](mailto:companysecretariat@cuscal.com.au) email address.
- ❑ **Shareholder Roadshows:** From time to time the Board and members of the Executive Leadership Team host meetings with shareholders. These provide the opportunity for shareholders to be consulted on significant decisions and provided with updates about financial results, strategic initiatives and future plans.

## 7. Principle 7 – Recognise and manage risk

### 7.1. Board Risk Committee

The Board has established a Board Risk Committee, governed by the Board Risk Committee Charter, to advise and assist the Board to fulfill its responsibilities in relation to Cuscal's risk management including strategies, policies, frameworks for implementation and how these support Cuscal's business strategy and culture.

The BRC's duties and responsibilities are to recommend to the Board the setting and review of the appropriate risk appetite for Cuscal, including reviewing and approving within its delegations all Board level policies regarding strategic risks, balance sheet risks (market, liquidity and credit), operational risk, securitisation risk, legal risk, compliance risk, conduct risk, other non-financial risks and regulatory risk.

During FY24 the BRC consisted of an independent Chairman plus four other Non-Executive Directors. Following the retirement of Daryl Johnson effective 31 July 2024, the BRC consists of an independent Chairman plus three other Non-Executive Directors. A majority of the members are independent. The Managing Director and Chief Risk Officer are invited to all Committee meetings, with other senior management with risk responsibilities attending as required. A standing invitation is extended to External Audit and Internal Audit representatives.

### 7.2. Risk Management and Internal Audit

Cuscal manages the risks inherent in its business activities and operations through disciplined risk management. This is critical in any ADI, and particularly one operating and growing in a dynamic environment. This approach assists Cuscal to identify the risks it wants to take, apply controls to manage them and seek to achieve returns reflective of the level of risk, both now and into the future.

Cuscal is committed to ensuring that a consistent approach to identifying, assessing and managing risk is established across the business and is embedded in processes and culture. This approach forms part of Cuscal's Board approved RMF, which is the totality of systems, structures, policies, processes and people that identify, measure, monitor, control or mitigate and report on all material sources of risk. The RMF comprises our Risk Management Strategy (**RMS**), which sets out Cuscal's approach to





managing material risks, and the RAS to convey the acceptable level of risk taking in the business. Cuscal's approach to risk includes:

- ❑ Implementing a systematic risk and control assessment, ongoing monitoring and escalation process;
- ❑ Overseeing and considering the outcomes of reviews and testing of the Business Continuity and Disaster Recovery plans;
- ❑ Managing risks associated with material outsourced arrangements;
- ❑ Managing and reporting risks in line with Cuscal's RAS; and
- ❑ Embedding risk culture and awareness with regular training and education.

The Board is responsible for overseeing and approving Cuscal's RMF and RAS and is supported by a number of sub-committees dedicated to specific risk areas, including the BRC, BAC, and BGRC.

The Board delegates responsibility for the day-to-day management of risk to the Managing Director, who sub-delegates to the Executive Leadership Team via the Executive Risk Committee (**ERCo**) and the Asset and Liability Committee (**ALCo**). Each committee has specific responsibilities to support the Managing Director and Board of Directors in managing risk. Cuscal's Chief Risk Officer plays a central role in setting and monitoring adherence to the RMF and has unfettered access to the BAC, BRC and the Board.

Cuscal's RMF describes the various policies, processes, structures, systems, techniques and tools Cuscal uses to support the identification, measurement, management and monitoring of risk. How Cuscal manages risk is executed within the parameters of its RMF. This aims to ensure there is clear accountability and responsibility for risk management across Cuscal, including robust review and challenge.

The BRC reviews the effectiveness of Cuscal's RMF annually and confirms that Cuscal is operating with due regard to the risk appetite set by the Board.

Cuscal has an internal audit function, which is currently outsourced to KPMG. The BAC is responsible for monitoring and ensuring the integrity of the internal audit function in accordance with the Board Audit Committee Charter. The BAC is responsible for reviewing the engagement of the internal auditor and assessing its independence annually, as well as reviewing the audit plan, among other duties.

### 7.3. Environmental and Social Risks

Cuscal recognises its responsibility to manage environmental and social impacts in the pursuit of its strategic vision. In FY24 the Board approved Cuscal's Sustainability Policy and Framework and Diversity, Equity and Inclusion Policy and Strategy. The Sustainability Framework outlines Cuscal's approach to identifying and managing Environmental, Social and Governance (ESG) structures, risks and opportunities. Guiding principles and objectives to enable the Sustainability Framework are documented in Cuscal's Sustainability Policy. The Sustainability Framework and Policy are applied in conjunction with other related core policies under the RMF. The BGRC and the BRC assists the Board to fulfil its responsibilities. The Sustainability Framework will be integrated into Cuscal's RMF and RAS as part of the 2024 annual review.





## 8. Principle 8 – Remunerate fairly and responsibly

### 8.1. Board Governance and Remuneration Committee

The Board believes that attracting and retaining the right calibre of personnel at the Board, Executive and Employee level is critical to ensure Cuscal is able to pursue its strategic objectives.

The BGRC assists the Board to achieve this. Its role and function are set out in its Charter. The BGRC consists of an independent Chairman plus two other Non-Executive Directors. A majority of Committee members are independent. The Managing Director is invited to attend BGRC meetings, except in relation to discussion on matters affecting their own remuneration or performance, or any other matters where a conflict may exist. The Chief Legal and People Officer and Company Secretary are also invited to attend except where a conflict exists, with other management invited as required.

Cuscal has adopted a Remuneration Policy. The Policy applies to all of Cuscal's Workforce including those in positions classified as Accountable Persons and Senior Managers of Cuscal as applicable, and defined in CPS 511, CPS 520, or BEAR/FAR (as applicable) excluding Appointed Auditors and Non-Executive Directors and provides the minimum standards for determining Cuscal's remuneration arrangements, articulates Cuscal's remuneration strategy and performance management objectives.

Cuscal's remuneration framework aligns with Cuscal's Risk Management Framework and promotes the effective management of both financial and non-financial risks and Cuscal's long-term soundness. This is achieved by, among other things, subjecting variable remuneration to conduct gateways providing for the evaluation of behaviour against Cuscal's values and conduct as well as risk measures in balanced scorecards.

The remuneration framework also supports the prevention and mitigation of conduct risk through linkages of variable remuneration to risk and conduct outcomes. Cuscal has adopted a Performance Management Framework (**PCMF**) under which, where risk or conduct events occur, the PCMF will permit Cuscal to apply a downward adjustment to variable remuneration.

The BGRC reviews Cuscal's remuneration-related arrangements, including its consequence management arrangements, at least annually and makes recommendations to the Board as to any changes the Committee considers should be made to such arrangements as well as recommendations to the Board (as appropriate) on consequences to be applied under the PCMF.

**This statement has been approved by the Board and is current at 30 June 2024.**

