CPS-511

REMUNERATION DISCLOSURE REPORT

FINANCIAL YEAR 2024–2025

HCF

PURPOSE OF REMUNERATION DISCLOSURE

The purpose of this report is to present the remuneration disclosures for the period 1 July 2024 to 30 June 2025 for the Hospitals Contribution Fund of Australia Ltd **(HCF)**, in line with the Australian Prudential Regulation Authority **(APRA)** Prudential Standard CPS 511 Remuneration **(CPS-511)**.

The report covers the disclosures for the following entities:

1. HCF
2. HCF Life Insurance Company Pty Ltd
3. Flip Insurance Pty Ltd

This disclosure report addresses the following:

- Section 1 - Background
- Section 2 - Remuneration Governance
- Section 3 - Remuneration Framework
- Section 4 - Remuneration Structure
- Section 5 - Deferral & Remuneration Adjustments
- Section 6 - Quantitative Remuneration Disclosures

1. BACKGROUND

HCF is Australia's largest mutual, not-for-profit private health insurer.

Private health insurers in Australia are regulated by APRA and the Australian Securities and Investments Commission **(ASIC)** and classified as either a significant financial institution **(SFI)** or a non-significant financial institution **(non-SFI)**.

An SFI is a financial entity that meets specific regulatory criteria based on its size, complexity and potential influence on the broader financial system. HCF is classified and noted by APRA as an SFI as our total assets exceed AUD $3 billion: **apra.gov.au/significant-financial-institutions-register**.

As expected of an SFI, HCF holds itself to the highest standards of culture and governance including compliance with APRA Prudential Standards and ASIC-related regulation and associated expectations.

CPS-511 and the Financial Accountability Regime **(FAR)** articulate these expectations in relation to remuneration. The HCF Group has developed its Remuneration Governance and Remuneration Framework to address the requirements of APRA's CPS-511 and FAR and, in meeting these expectations, demonstrates HCF's commitment to good governance.

Under CPS-511, as an SFI, HCF must maintain a comprehensive remuneration framework that aligns with our business strategy, risk management framework (including the effective management of both financial and non-financial risks) and long-term soundness, as well as supporting the prevention and mitigation of conduct risk.

Enhanced obligations apply to specified roles such as Senior Managers, Material Risk Takers, Highly Paid Material Risk Takers and Risk and Financial Control Personnel **(RFCP)**. These types of roles are subject to defined governance and compliance expectations.

At HCF we only have Senior Managers and RFCP as our specified roles as we do not have any roles that are classified as Highly Paid Material Risk Takers, or a separate group of Material Risk Takers (who are not already defined as Senior Managers). Under CPS-511, Senior Managers are subject to mandatory deferral of variable remuneration and all our specified roles are subject to malus and clawback provisions. All HCF employees who receive performance related variable remuneration must also have a material weighting on non-financial measures.

HCF is also required to document and justify decisions around remuneration, accountability, and risk management, and to report these to regulators like APRA and ASIC.

Under CPS-511, HCF is also required to publish detailed, clear and comparable disclosures on our remuneration practices within 6 months of the end of our financial year (which is the purpose of this disclosure report). The disclosures must include how remuneration aligns with performance and risk; information on governance and oversight mechanisms; and quantitative data on remuneration for specified roles.

Our remuneration disclosures under CPS-511 allow us to demonstrate how our remuneration framework, outcomes and oversight arrangements reflect the highest standards of culture and governance.

2. REMUNERATION GOVERNANCE

REMUNERATION POLICY

Our Remuneration Framework is comprised of our remuneration structures, policies, procedures and award arrangements, that together define, measure and evaluate how HCF remunerates and rewards its employees.

The **HCF Group Executive Remuneration Policy** applies to the Executives of the HCF Group. Non-Executive Director remuneration is excluded from this Policy and is prescribed in the **Non-Executive Director Remuneration Framework Policy**. All other employees of the HCF Group are covered by the **HCF Group General Employee Remuneration Policy**.

The policies that form part of our Remuneration Framework include the HCF Group Executive and General Employee Remuneration policies; the Malus and Clawback policy; and the Code of Conduct (Employee) policy.

Additionally, the Framework incorporates the variable remuneration plan rules for the CEO and Managing Director **(CEO & MD)**, Executives and other eligible participants, our Consequence Management Framework and our Consequence and Severity Guideline.

REMUNERATION OVERSIGHT

There are a number of remuneration governance and oversight processes in place at HCF to support robust decision making in respect of remuneration.

The main bodies that oversee remuneration at HCF are the Board and HCF's People, Culture and Remuneration Committee **(PCRC)** supported by the Risk, Compliance, Sustainability Committee **(RCSC)** for HCF and the Risk and Compliance Committee **(RCC)** for HCF Life.

As of 30 June 2025, these committees were composed of the following non-executive directors **(NEDs).**

PCRC

- Mr Terry T. Agnew (Chair)
- Mr Michael J. Bassingthwaighte (NED)
- Professor Karen Price (NED)

RCSC

- Mr John M. Barrington (Chair)
- Mr Mark Compton (NED)
- Ms Catherine Hallinan (NED)
- Ms Annette King (NED)

RCC

- Mr John M. Barrington (Chair)
- Mr Terry T. Agnew (NED)
- Ms Catherine Hallinan (NED)

REMUNERATION OVERSIGHT (CONT.)

The PCRC met 4 times in the period 1 July 2024 to 30 June 2025. NEDs receive fees as compensation for work on the Board and Committees and do not receive any performance-related remuneration.

The PCRC engages with the RCSC, RCC and the Chief Risk Officer to provide assurance to the Boards that the interpretation and application of the HCF Group Remuneration Policies and annual remuneration outcomes and practices are consistent with the Risk Management Framework, and that actual risk outcomes are appropriately reflected in those remuneration outcomes and practices.

The PCRC conducts an annual review of the HCF Group Remuneration Framework, including the PCRC Charter, remuneration policies and incentive plan rules included within it, and any changes are reviewed and approved by the HCF Board.

Board approval of these documents is sought in June, for the next financial year. The last annual review identified that no consequential changes to these documents were required. In addition, an inaugural CPS-511 triennial effectiveness review of the HCF Group Remuneration Framework will be conducted by operationally independent persons and is scheduled for 2026.

Minter Ellison conducted legal reviews of the Remuneration and Consequence Management Frameworks in FY25.

To support the interaction between risk and remuneration, HCF's Chief Risk Officer also attends PCRC meetings twice a year to present on conduct risks previously reported to the HCF and HCF Life Risk Committees through the Chief Risk Officer's report; and to confirm that all the relevant risk gates have been achieved to determine whether the individual is eligible to be considered for a fixed and/or variable remuneration review.

HCF's Chief Officer, People & Culture reports the results of pay for performance outcomes and provides the Committee with relevant benchmarking information sought from HCF's external Remuneration Consultants (KPMG).

During FY25, KPMG provided advice on the market positioning of executive pay as well as ongoing support in respect of CPS-511.

The PCRC assesses performance results to determine remuneration outcomes by evaluating performance against the HCF Corporate Scorecard applicable during the reporting period.

In addition, the PCRC considers any behavioural, conduct or accountability concerns and these are discussed in relation to HCF's Consequence Management Framework and Consequence and Severity Guideline.

This process allows the PCRC to evaluate performance and remuneration outcomes, and to decide if a recommendation is to be made to the Board regarding any discretionary action in cases of inappropriate behaviour or unacceptable conduct.

The Board's role is to approve remuneration arrangements and outcomes for Specified Roles including determining whether to apply downward adjustments to fixed and/or variable remuneration, including the use of malus and clawback provisions, in accordance with HCF's Malus and Clawback policy, Consequence Management Framework and Consequence and Severity Guideline.

The Board may exercise discretion and adjust the variable remuneration component, including to zero, to reflect business outcomes and to protect the financial soundness of HCF when responding to significant unexpected, unintended consequences as well as to reflect individual adverse risk conduct outcomes or in other circumstances determined by the Board (refer to section 5 for further detail on remuneration adjustments).

3. REMUNERATION FRAMEWORK

HCF's Remuneration Framework is a vital part of our people strategy. We aim to attract the best talent to our organisation to serve our members' interests.

Our Remuneration Framework has been designed to attract and retain individuals who are deeply aligned with our purpose and vision, strategic goals, values and risk culture.

OUR PURPOSE AND VISION

As Australia's largest not-for-profit health fund, our core purpose is to bring our human touch to healthcare. This purpose reflects HCF's commitment to human-centred care, ensuring that every interaction, decision and service is grounded in empathy, authenticity and a deep understanding of people's needs. It's about making a meaningful difference in both big and small ways every day, in the way we come together as a team and work alongside our partners and communities to deliver the best possible experience for our members. We're united by our vision and commitment to deliver what we call 'uncommon care', making our health insurance member centric, understandable, affordable, accessible and high quality.

Our vision is translated into 3 key strategic goals: uncommon care; affordability and value; and growth for sustainability. Our Remuneration Framework is designed to support our core purpose and strategic goals.

OUR STRATEGIC GOALS

We believe what sets us apart is our commitment to our members, which stems from our unique competitive advantage and is aligned with our strategic objectives.

There are 3 ways that we stand out from our competitors.

We take a member-first mindset

- Strategic Goal: Uncommon care. We make decisions to benefit our members, not to deliver shareholder returns.

We invest more back in members

- Strategic Goal: Affordability and value. As a not-for-profit, we target lower margins so we can keep premiums as low as possible, and we make sure our products cover members for what they need so they get the best value.

We have many lines of business

- Strategic Goal: Growth for sustainability. We're more than just a health fund. We have meaningful products and services to protect our members' health - through our Life company and International Business, right through to our Dental and Eyecare centres.

OUR VALUES

At all levels of the organisation, we evaluate performance based not only on the achievement of our performance outcomes, but also how the goals are attained. Our Remuneration Framework recognises and rewards individuals and leaders who exemplify HCF's values, which form the foundation of how we work and how we serve our members. Additionally, it provides guidance on how consequences are applied if individuals do not adhere to those expectations. We believe that our approach of recognising and rewarding the right behaviours in our people is just as important as rewarding the achievement of our performance outcomes.

In practice, the individual performance component of an individual's performance outcome is determined by an even split of both performance goals (50%) and an evaluation of how consistently they have demonstrated our values (50%). Our values are summarised below.

Step forward

We step forward when we see a need to be met, a problem to be solved, a wrong to be righted. We stand up for what's right even when it feels uncomfortable.

We speak up knowing our contribution is valuable and valued.

Stay human

We stay human by looking for humanity in each other and we use that to guide what we do and how we do it. We show up with authenticity and acceptance, knowing that each of us is at our best when we can be true to who we really are.

Walk in their shoes

We walk in their shoes by seeking to understand the needs and perspectives of others and seeing the world through their eyes. We challenge our own preconceptions by listening more and judging less. We stay curious and embrace diversity of thought and experiences.

Make it better

We make it better by not accepting the 'status quo' ... we look at things with fresh eyes and ask, "how can I make it better?" We are masters of 'can-do'. We are open, creative and resourceful in how we approach problem solving.

Get there together

We get there together. We believe in the power of one team. We know that together we can reach our collective goals, achieving much more than any one of us can alone. We take care of each other through thick and thin, choosing every day to put 'we' before 'me'.

OUR TARGET RISK CULTURE

Our Remuneration Framework also plays a critical role in reinforcing the risk culture we strive to uphold. The Framework contains our Code of Conduct which articulates our expectations for the behaviour and conduct of our leaders and team members. It guides how we responsibly and ethically serve our members, providers, partners, colleagues and the broader community. It incentivises responsible leadership and the continuous uplift of our risk management awareness, capability and practice.

Leadership and Vision

- The HCF Board and Executive Team are committed to maintaining an organisational philosophy and culture which ensures that effective risk management is an integral part of its activities.
- Leaders promote and subscribe to HCF's vision and values in their actions and lead by example (i.e. walking the talk and demonstrating a risk-aware approach to business decision-making).
- The HCF Board and Executive Team foster a positive risk culture that encourages risk-taking commensurate with HCF's risk appetite, with members front of mind.

Risk Governance

- Clear frameworks, policies and processes that promote compliance with regulatory requirements and give effect to expectations in relation to people's behaviour and attitude to managing risk.
- Efficient and effective risk governance structures which promote deliberate and consistent risk management at all levels.
- Monitoring of HCF's risk culture, such that we can use cultural and behavioural trends to identify issues before they impact our operations and our members.

Communication

- Everyone knowing they have ownership of 'doing the right thing' and can and do openly raise and escalate issues or concerns; bad news is not suppressed.
- An incident management process which supports the early identification and resolution of issues.
- Leaders encourage open and honest discussions about their business, and employees feel safe calling out issues, risks and/or concerns to promote a 'speak-up' culture.
- Our people seek trusted advice from the RCSC Team as appropriate, to inform decision-making and their approach to managing the risks in their business.
- We promote an environment of open and constructive risk management knowing our contribution is valuable and valued.

Decision-making

- We may employ models and methods for assessing risk to inform our decision-making, but we also recognise the importance of healthy challenge and debate to get the best outcomes.
- We consider whether 'we should' as well as whether 'we can' in the decisions we take.
- Transparent and effective risk-based decision-making, which incorporates lessons learnt.
- Decisions are made that support HCF's 'uncommon care' by ensuring decisions benefit our members - ensuring they have the level of protection they need for the best value.
- Decisions are encouraged to be collaborative, subject to constructive challenge and to align with HCF's risk appetite.

People

- Our people understand their role in managing the risks faced by HCF and are aware of the systems and processes to support them.
- Performance and rewards systems reinforce the target risk culture values and behaviours.
- We show up authentically and empower each other to stand up for what is right even when it feels uncomfortable.
- The business embraces integrity, transparency, ownership and accountability for risk management.

Our Remuneration Framework plays a key role in embedding our target risk culture by using reward mechanisms (such as risk gateways, deferral and consequence management mechanisms) to reinforce our commitment to members, highlighting the importance of our values and promoting conduct that fosters a safe environment where people feel empowered to speak up. The Framework also supports continuous improvement in risk awareness and risk management practices.

Consequence Management Framework

The Consequence Management Framework is essential to the Remuneration Framework, guiding decisions on adverse performance and conduct risk results related to remuneration outcomes, including deferred variable remuneration.

The HCF Group Consequence and Severity Guideline supports the Consequence Management Framework by providing guidance on appropriate consequences for unacceptable conduct, as defined by the HCF Group Code of Conduct (Employee) Policy and the HCF Group Workplace, Respect & Equity Policy. Together, these policies enable HCF to determine the severity and impact on variable remuneration outcomes in the case of substantiated misconduct, including downward adjustments or the application of malus or clawback.

HCF Management recommends any downward adjustments (in Period Adjustments, Malus and Clawback), commensurate with the severity of the matter at hand, to the PCRC for review, and recommendation for approval by the Boards.

For those roles who do not receive variable remuneration as part of their remuneration structure, other consequences may be applied for adverse risk and conduct outcomes such as warnings, training programs and termination of employment.

Once approved, HCF reports and discloses the final remuneration outcomes to APRA no later than 31 December in the calendar year.

Refer to section 5 for further detail on remuneration adjustments.

OUR SPECIFIED ROLES

The type of roles that are captured and reported as part of Prudential Standard CPS-511 Remuneration are:

1. Chief Executive Officer (CEO)
2. Senior Managers[1] – HCF Executive Team
3. Highly Paid Material Risk-takers[2]
4. Material Risk-takers[3]
5. RFCP[4]
6. Specified roles[5] at the HCF Group consist of the following:

- the CEO & MD;
- Senior Managers, HCF Executive Team (Chief Officers) which is comprised of 10 individuals; and
- Risk and Financial Control Personnel (as defined below) which is comprised of 4 individuals.

CPS-511 Definitions:

1 Senior Manager of a private health insurer means a person who has or exercises senior management responsibilities for the insurer (per paragraph c of the definition of ‘officer’ in the Private Health Insurance Act 2015). Senior Manager of a life insurer means a person who has or exercises any of the senior management responsibilities for the Life Company (per Life Insurance Act 1995).

2 Highly paid material risk-taker whose total fixed remuneration (which includes salary, superannuation, allowances and benefits) plus actual variable remuneration is equal to or greater than AUD $1 million in a financial year of the entity. HCF currently does not have any applicable specified persons who are not already captured as Senior Managers.

3 Material risk-taker is a person whose activities have a material potential impact on the entity’s risk profile, performance and long-term soundness, and in addition for an RSE licensee, means a person whose activities have a material potential impact on performing its duties and exercising its powers in the best financial interests of beneficiaries. HCF currently does not have any applicable specified persons who are not already captured as Senior Managers.

4 RFCP include persons whose primary role is in risk management, compliance, internal audit, financial control or actuarial control. CPS-511 only requires disclosure of information relating to those personnel that report directly to Senior Managers, rather than the entire cohort of Risk and Financial Control Personnel.

5 Specified role means a person who is a Senior Manager, Executive Director, material risk-taker, and/or Risk and Financial Control Personnel.

4. REMUNERATION STRUCTURE

The Remuneration Framework supports enterprise value creation by aligning reward structures with strategic objectives, sustainable performance and effective management of financial and non-financial risk including conduct risk. It complies with all relevant legislative and prudential standards and aims to support our strategy to achieve gender pay parity. The Framework maintains an appropriate balance between fixed and variable components, enabling clear accountability and reinforcing a high-performance culture. It introduces reward differentiation to drive desired behaviours and outcomes. This approach is designed to attract, retain and engage our top talent, including executive leadership ensuring the organisation remains competitive and future focused.

1. HCF’s risk culture themes have been developed taking into account APRA’s Risk Culture 10 Dimensions: **apra.gov.au/transforming-risk-culture-observations-from-apra%E2%80%99s-pilot-survey#apra-s-risk-culture-10-dimensions**

FIXED REMUNERATION

The 'Fixed' components of remuneration comprise Total Fixed Remuneration **(TFR)** which includes base salary plus superannuation. TFR is determined with reference to relevant market benchmarks and internal remuneration frameworks, ensuring it appropriately reflects the scope of the role, the individual's experience and capabilities, and their contribution to effective risk management and performance outcomes. Additionally, HCF Group provides employees with access to a range of benefits that align with the organisation's values and purpose.

VARIABLE REMUNERATION

Variable remuneration within our framework is thoughtfully designed to drive long-term value and sustainable performance. As a not-for-profit, we do not focus solely on financial outcomes. We reward individuals for delivering exceptional service to our members, achieving sustainable financial performance, promoting a positive risk culture and fostering innovation. We recognise the importance of managing both financial and non-financial risks, and we reward those who demonstrate excellence in both areas.

HCF applies appropriate performance gateways (including risk, compliance, behaviour and conduct) to determine the Senior Manager's and RFCP's eligibility to receive variable remuneration coupled with appropriate weighting for financial and non-financial measures in determining any incentive.

All specified roles participate in a Short-Term Incentive **(STI)** Plan. STI performance criteria are set by reference to HCF Group, Business Unit and Individual Performance goals, appropriate to the specific position. This is paid on completion of the relevant performance period. This performance incentive is directed at achieving key strategic targets. Depending on the amount awarded as STI for the reporting period, a portion may be subject to deferral and subsequently also to malus and clawback.

The STI Plan aligns with the business strategy and contributes to effective risk management through the performance gateway design and it:

- supports the achievement of HCF's annual performance goals and key milestones towards the delivery of HCF's Strategy, and supports HCF's long-term financial stability
- drives a performance culture by aligning reward outcomes with HCF Group results and relative contribution, performance and behaviours, including those which support the HCF Risk Management Framework and the maintenance of HCF's culture, vision and values; and
- appropriately incentivises and rewards sustainable outperformance and prudent management of risk, and, where applicable, enables the application of consequences for adverse risk and conduct outcomes.

FY22 HCF CEO LONG-TERM INCENTIVE & RETENTION PLAN

The former CEO & MD, Ms Sheena Jack, had a once-off FY22 CEO Long Term Incentive and Retention plan (LTI) granted in FY22, which concluded on 30 September 2024. The once-off FY22 CEO LTI and Retention Plan arrangement was performance tested and vested in FY25 (with a portion subject to further deferral periods). This has been included in Section 6 of the disclosure. During FY25, HCF did not initiate a new LTI plan. As a result there were no long term incentive awards granted to any specified roles.

FY25 SHORT TERM INCENTIVE PLAN

Overview and Purpose

The STI is the annual variable component of remuneration to recognise and reward employees for achieving high levels of performance.

Eligibility

Our CEO & MD, Senior Managers and RFCP all participated in the STI plan in FY25.

Opportunity

Target STI:

- CEO & MD – 100%
- Senior Managers – 62.5%
- RFCP – 30-35%

Opportunity levels vary in a specified role cohort based on factors such as the nature of the individual's role, their seniority and their ability to influence outcomes.

Performance period

1 July 2024 to 30 June 2025

Payment

Senior Managers have a breakdown of 60% paid in cash vs 40% deferred and paid in cash at release (refer to section 5 for further detail). RFCP have the full STI paid in cash at the end of the financial year[1].

(Group Performance + Individual Performance) x Risk Adjustment = STI Payment

Group Performance is based on financial and non-financial measures.

- Group Priorities – 30%
- Members – 30%
- Financial – 20%
- People – 10%
- Risk – 10%

Individual Performance has 3 gateways to be met prior to eligibility. The % outcome is determined by the CEO & MD based on the individual outcomes of the "what" is to be achieved (individual performance goals) as well as the "how" it is to be achieved (HCF values).

Material weight on non-financial measures is achieved through the incorporation of non-financial measures in both Group Performance and Individual Performance goals.

VARIABLE REMUNERATION FOR RFCP

The remuneration structure for RFCP supports their independence through:

- A heavy weighting in their total remuneration packages towards fixed remuneration (over variable remuneration).
- The design of their incentive structure focuses largely on non-financial measures which ensures that their performance is assessed appropriately. These measures such as compliance, risk and audit performance ensure RFCPs are not incentivised to prioritise short-term financial gains over long-term risk integrity.
- Risk behaviours and goals are embedded into the individual goals of the RFCP and extended accordingly based on the role-based criteria.

Variable remuneration outcomes for RFCP in FY25 were between 35.12% and 40.97% of fixed remuneration.

1. RFCP are not subject to deferral requirements under CPS-511.

5. DEFERRAL & REMUNERATION ADJUSTMENTS

The following section provides further detail on deferral of variable remuneration and HCF's approach to remuneration adjustments.

Participation in the STI Plan does not represent an explicit or implied right to receive payment. We calculate STI payments based on performance within each performance year. The calculation of and entitlement to an STI payment is subject to the individual in the specified role having satisfied all group and individual performance gateways (managing risk, training compliance, behaviour and conduct).

DEFERRAL OF VARIABLE REMUNERATION

Deferral of variable remuneration supports consequence management and aligns participants with HCF's long-term performance. In FY25, the former CEO & MD, Ms Sheena Jack, and Senior Managers had deferral applied in line with the schedule outlined below. No deferral will be applied to variable remuneration for the performance year if the amount required to be deferred is less than $50,000. The HCF Board has absolute discretion in relation to the award of Deferred Variable Remuneration **except** in relation to:

- Accelerating the vesting of unvested variable remuneration for an Executive no longer employed or engaged by HCF. HCF is required to follow the vesting schedule. The only exceptions for acceleration are in the case of the death, serious incapacity, serious disability, and/or serious illness of the Executive.
- Partial vesting. This is only permitted for the amount required to enable the Executive to cover taxation obligations arising from the deferred remuneration at termination of employment.

ROLES	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
CEO & MD	40%	-	-	20%	20%	20%
Senior Managers	60%	-	-	20%	20%	-

REMUNERATION ADJUSTMENTS

The deferred variable remuneration is subject to malus and clawback conditions detailed in the **HCF Group Malus and Clawback Policy**.

Trigger events for in-period adjustments, malus and clawback include:

- Failure to discharge an accountability obligation attributed to a Senior Manager as an accountable person;
- Misconduct or serious misconduct leading to significant adverse outcomes;
- Significant failure of financial or non-financial risk management;
- Significant error or a significant misstatement of criteria in which the variable remuneration determination was based;
- Failure to discharge an accountability obligation attributed to a Senior Manager as an accountable person;
- Misconduct or serious misconduct leading to significant adverse outcomes;
- Significant failure of financial or non-financial risk management; and/or
- Significant error or a significant misstatement of criteria in which the variable remuneration determination was based.

HCF gives due consideration to the Severity Matrix outlined below in determining downward adjustments to variable remuneration.

	LOW IMPACT	NEGATIVE IMPACT	SIGNIFICANT IMPACT	EXTREME, LEGAL OR REGULATORY IMPACT
Downward adjustments to remuneration outcomes in accordance with Malus & Clawback Policy	No Impact	• in-period adjustment • variable remuneration target reduced for next financial year • withholding merit increase for a defined period • application of Malus to the deferred variable remuneration • application of Clawback on vested deferred components (up to 100%).	• variable remuneration target reduced for next financial year • withholding merit increase for a defined period • application of Malus to the deferred variable remuneration • application of Clawback on vested deferred components (up to 100%).	If HCF is satisfied a serious risk or compliance breach has occurred, then a material remuneration impact will be applied subject to mitigating factors. • in-period adjustment to zero • variable remuneration target to be significantly reduced for next financial year • withholding merit increase for defined period • application of Malus up to zero on deferred variable remuneration • application of Clawback in full of variable remuneration already vested in the relevant period.
Consequence Management Considerations	Coaching, additional training	Includes also a formal Performance Improvement Plan.	Includes also a written warning, a suspension, a demotion, a reduction in remuneration, and/or a termination of employment.	The appropriate consequence for this level may be termination of employment, with or without notice, depending on the circumstances.

6. QUANTITATIVE REMUNERATION DISCLOSURES

CEO & MD REMUNERATION OVER TIME

The table below shows the total remuneration outcomes for HCF's former CEO & MD (Ms Sheena Jack) in FY24 and FY25. The total remuneration package for HCF's newly appointed CEO & MD (Ms Lorraine Thomas) is shown as a comparison (noting that the STI and LTI amounts represent her maximum opportunity and are subject to performance testing). As shown below, following performance testing in FY25, Ms Jack's total remuneration outcomes were unusually high, due predominantly to vesting of the once-off FY22 CEO LTI and Retention Plan that supported CEO & MD succession. Also, her total fixed remuneration was supplemented by a once-off Transition Allowance in recognition of her postponing retirement to assist with the leadership transition. Prior to the creation of the once-off FY22 CEO LTI & Retention Plan, there was no LTI in place. This level of remuneration is not indicative of ongoing arrangements for the newly appointed CEO & MD, Ms Lorraine Thomas.

ELEMENT	FY24 ACTUAL	FY25 ACTUAL	FY26 MAX OPPORTUNITY
CEO & MD	*Ms Sheena Jack (Retired 30 June 2025)*		*Ms Lorraine Thomas*
Base fixed remuneration	$1,400,000	$1,435,000	$1,000,000
Fixed once-off Transition Allowance	$0	$450,000	$0
Total Fixed Remuneration	**$1,400,000**	**$1,885,000**	**$1,000,000**
Short Term Incentive Plan	$1,578,000	$1,962,079	$900,000
Long Term Incentive Plan	$0	$0	$1,350,000[2]
Total Variable Remuneration *(excluding Once-off FY22 CEO LTI & Retention Plan)*	**$1,578,000**	**$1,962,079**	**$2,250,000**
Total Remuneration *(excluding Once-off FY22 CEO LTI & Retention Plan)*	**$2,978,000**	**$3,847,079**	**$3,250,000**
Once-off FY22 CEO LTI & Retention Plan - *(amount awarded in FY25[1], 50% of which is due to vest in future years in two equal tranches of 25% (in FY26 & FY27))*	$0	$2,500,000[1]	$0
GRAND TOTAL REMUNERATION *(including Once-off CEO FY22 LTI & Retention Plan receipt)*	**$2,978,000**	**$6,347,079**	**$3,250,000**
Fixed as % of Total	47%	30%	31%
Variable (Performance-Based) as % of Total	53%	70%	69%

FORMER CEO & MD REMUNERATION ARRANGEMENTS

The CEO & MD figures outlined in the tables in this section relate to HCF's former CEO & MD Ms Sheena Jack, who held the role during FY25.

Former CEO & MD Annual Remuneration Package FY25

Ms Jack's FY25 remuneration package was as follows:

ELEMENT	OPPORTUNITY	FY25 OUTCOME
Base salary & superannuation	$1,435,000 (increased by 2.5% from FY24 in line with market movements)	$1,435,000
FY25 STI	• Target STI opportunity: $1,435,000 • Maximum STI opportunity: $2,152,500	• Following performance testing, the FY25 STI vested, resulting in an STI award of $1,962,079. • 40% of the STI was paid in September 2025. 20% will be paid in September 2028, 20% will be paid in September 2029 and 20% will be paid in September 2030.
Total	• $2,870,000 at target • $3,587,500 at maximum	$3,397,079

1. The once-off FY22 CEO LTI and Retention Plan covered a 3.25 year period.
2. Ms Thomas will be granted an LTI in FY26 that will assess performance over a 3-year performance period. If the conditions are met, the award may vest in three equal tranches in FY29, FY30 and FY31.

Former CEO & MD: Other amounts vesting in FY25

ELEMENT	RATIONALE	OUTCOME
Once-off FY22 HCF CEO Long Term Incentive and Retention Plan (Variable remuneration)	• The Board approved a special once-off FY22 CEO Long-Term Incentive and Retention Plan for the former CEO & MD, Ms Sheena Jack, which had a maximum opportunity of $3,000,000, and which was granted in FY22 and performance tested over a 3.25 year period ending 30 September 2024. • The once-off FY22 CEO LTI and Retention Plan was designed to support the retention of the former CEO & MD, Ms Sheena Jack, succession planning, and drive the long term performance of the business and deliver HCF's strategic plan. • The once-off FY22 CEO LTI and Retention Plan was subject to HCF's governance framework, incorporating deferral, malus, and clawback provisions to discourage excessive risk-taking.	• At the end of the performance period, the Board assessed performance against the measures and determined that 83% of the LTI award would vest (i.e. $2.5M). • 50% of the vested award was paid in October 2024 with the remaining 50% able to be paid in equal instalments in October 2025 and October 2026 (subject to Board discretion in respect of adverse risk or conduct matters).
Once-off Transition Allowance (Fixed remuneration)	• Following the conclusion of the once-off FY22 CEO LTI and Retention Plan performance period in FY25, the Board determined that the former CEO & MD, Ms Sheena Jack, would continue in her role to maintain leadership continuity during the succession process and support a thorough and orderly transition to the new CEO & MD, Ms Lorraine Thomas. • In FY25, the Board approved a once-off temporary Transition Allowance that was paid to the former CEO & MD, Ms Sheena Jack, in monthly instalments. This allowance was to acknowledge the intensity of her expanded responsibilities during the leadership transition period. This allowance aimed to address succession and operational risks. • The Board excluded the allowance when determining the former CEO & MD, Ms Sheena Jack's, STI opportunity. The arrangement also did not alter the design or risk controls of the former CEO & MD's other variable remuneration arrangements including deferral, malus, and clawback provisions.	• The allowance totalled $450,000, paid in nine monthly instalments of $50,000 from October 2024 to June 2025.

REMUNERATION OUTCOMES FOR THE FINANCIAL YEAR FY25

The following table outlines remuneration outcomes for the financial year. The CEO & MD figures in these disclosures relate to HCF's former CEO & MD Ms Sheena Jack, who held the role during FY25. The following table includes awarded payments from the 3.25 year performance period of the special once-off LTI and Retention Plan award.

FIXED AND VARIABLE REMUNERATION

AUD $M		FORMER CEO & MD	OTHER SENIOR MANAGERS
Fixed remuneration			
1	Number of employees paid fixed remuneration	1	10
2	**Total fixed remuneration**	**$1,885,000**	**$7,003,769**
3	of which: cash-based	$1,885,000[1]	$7,003,769
4	of which: share-based awards	N/A	N/A
5	of which: other	N/A	N/A
6	Average percentage increase in total fixed remuneration (row 2) on previous financial year	34.6%[2]	4.6%
Variable remuneration			
7	Number of employees eligible for variable remuneration	1	8
8	Number of employees that received variable remuneration	1	8
9	**Total variable remuneration**	**$4,462,079[3]**	**$3,556,375**
10	of which: cash-based	$4,462,079	$3,556,375
11	of which: share-based awards	N/A	N/A
12	of which: other	N/A	N/A
13	**Total variable remuneration that has been deferred**	**$2,427,248**	**$1,376,152**
14	of which: cash-based	$2,427,248	$1,376,152
15	of which: share-based awards	N/A	N/A
16	of which: other	N/A	N/A
17	Average percentage increase in total variable remuneration on previous financial year	183.0%[4]	18.0%[5]
18	**Total remuneration (sum of rows 2 + 9)**	**$6,347,079**	**$10,560,144**

1. This figure includes the former CEO & MD, Ms Sheena Jack's, fixed remuneration in FY25 comprising of base salary and superannuation of $1,435,000 and an additional once-off Transition Allowance of $450,000 paid in equal monthly installments.
2. The fixed remuneration increase for the former CEO & MD, Ms Sheena Jack, between FY24 and FY25 comprised an increase of 2.5% (which was aligned with market movements) as well as the once-off $450,000 Transition Allowance to support CEO & MD succession.
3. The total variable remuneration figure for the former CEO & MD, Ms Sheena Jack, includes her total FY25 STI award (including the 60% deferred component) as well as the once-off FY22 CEO LTI and Retention Plan award which vested in FY25 (including the 50% deferred portion).
4. The former CEO & MD, Ms Sheena Jack's, total variable remuneration in FY24 was comprised solely of her STI award, as there was no LTI vesting in FY24. As a result, the increase in her total variable remuneration for FY25 (as compared to FY24) is predominantly driven by the vesting of the once-off FY22 CEO LTI and Retention Plan award of $2.5M during FY25 as well as an increase in the STI vesting outcome in FY25 (as compared to FY24) of 24.3% due to improved business performance outcomes.
5. The average percentage increase excludes a Senior Manager who held the role for part of the financial year. The STI vesting outcomes for Senior Managers were higher in FY25 due to above plan improvement in business performance outcomes.

SPECIAL PAYMENTS

The following table includes once-off guaranteed bonuses, sign-on awards to a newly appointed employee and severance awards to an employee ceasing employment, excluding any statutory entitlements for the financial year. As shown below, no special payments were made to the former CEO & MD, Ms Sheena Jack, and other Senior Managers during FY25.

A $M		FORMER CEO & MD	OTHER SENIOR MANAGERS
1	Number of employees paid a guaranteed bonus	N/A	N/A
2	**Total guaranteed bonuses**	**N/A**	**N/A**
3	Number of employees paid a sign-on award	N/A	N/A
4	**Total sign-on awards**	**N/A**	**N/A**
5	Number of employees paid a severance payment	N/A	N/A
6	**Total severance payments**	**N/A**	**N/A**

DEFERRED AND ADJUSTED VARIABLE REMUNERATION

The PCRC reviews and makes annual recommendations to the Boards for approval of the total remuneration arrangements (total fixed remuneration and variable remuneration) and variable remuneration and other reward outcomes, including with respect to deferral and the application of in-period adjustments, malus and clawback.

The following table contains:

- for column A: total deferred variable remuneration net of downward adjustments as at the end of the financial year. This must reflect current financial year awards and prior financial years' awards that have not yet satisfied all conditions.
- for column B: total paid and vested variable remuneration outcomes (i.e. not deferred) net of downward adjustments during the financial year. This must reflect current financial year payments and awards that are no longer subject to conditions (this includes payments and awards for the current financial year made following the end of the financial year); and prior financial years' awards that satisfied all conditions during the financial year. This excludes deferred amounts.
- for column C: total downward adjustments applied to variable remuneration that have been included under columns A and B during the financial year.

For each of these cohorts, an entity must describe the main triggers leading to downward-adjustments to variable remuneration as a result of consequence management.

AUD $M		A TOTAL AMOUNT OF OUTSTANDING DEFERRED VARIABLE REMUNERATION POST ADJUSTMENTS[1]	B TOTAL AMOUNT OF VARIABLE REMUNERATION NOT DEFERRED POST ADJUSTMENTS[2]	C TOTAL AMOUNT OF DOWNWARD ADJUSTMENTS TO VARIABLE REMUNERATION REPORTED IN COLUMNS A & B
FORMER CEO & MD				
1	**Total: Former CEO & MD**	**$3,374,048**	**$2,034,832**	**N/A**
2	of which: cash	$3,374,048	$2,034,832	N/A
3	of which: share-based awards	N/A	N/A	N/A
4	of which: other	N/A	N/A	N/A
Other Senior Managers				
5	**Total other Senior Managers**	**$2,303,567**	**$2,180,222**	**N/A**
6	of which: cash	$2,303,567	$2,180,222	N/A
7	of which: share-based awards	N/A	N/A	N/A
8	of which: other	N/A	N/A	N/A
17	**Total (sum of rows 1 + 5)**	**$5,677,615**	**$4,215,054**	**N/A**

1. Figures in this column include deferred STI awards on-foot for the former CEO & MD, Ms Sheena Jack, and Senior Managers. According to the FY22 CEO Long Term Incentive and Retention Plan rules, Ms Jack was paid 50% of her award in FY25, with two equal deferred payments of 25% to be released in future financial years.
2. Figures in this column are limited to the FY25 STI awards which were paid to the former CEO & MD, Ms Sheena Jack, and to Senior Managers in September 2025, and the 50% portion of the once-off CEO LTI and Retention Plan which was awarded and paid to the former CEO & MD, Ms Sheena Jack, in September 2024.

ACKNOWLEDGEMENT OF COUNTRY

HCF acknowledges the traditional custodians of the lands and water upon which we work and live.

We acknowledge Aboriginal and Torres Strait Islander peoples' rich history as traditional healers and scientists, who have taken care of the health of the land and its people for thousands of years.

We give thanks to elders past and present, who we have much to learn from on our reconciliation journey.

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