Remuneration Disclosure

Prudential Standard CPS 511 Remuneration Disclosure as at 30 June 2025

StateCover Mutual

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1 Introduction

StateCover Mutual Ltd (StateCover) is a specialised workers compensation insurer regulated by the Australian Prudential Regulation Authority (APRA) and the State Insurance Regulatory Authority (SIRA). *Prudential Standard CPS 511 Remuneration* (CPS 511) contains disclosure requirements that are designed to provide transparency on remuneration practices across APRA-regulated entities, by requiring entities on an annual basis and within six months of an entity's financial year end to publicly disclose information on their remuneration frameworks, design, governance and decisions. StateCover is a non-significant financial institution (non-SFI) and is required to make disclosures as outlined in CPS 511.

This document has been prepared by StateCover in accordance with the non-SFI remuneration disclosure requirements under CPS 511. The information reported in this disclosure is for the period 1 July 2024 to 30 June 2025.

2 Governance

2.1 Board

The StateCover Board is ultimately responsible for StateCover's Remuneration Framework and its effective application. It reviews and approves our Remuneration Policy and encompasses a formal process for the People & Culture Committee (BPCC) to consult the Board Risk and Compliance Committee (BRCC) and Chief Risk and Compliance Officer (CRCO), to ensure risk outcomes are appropriately reflected in remuneration outcomes.

The Board meets at a minimum each quarter with additional committee meetings, planning and training days scheduled throughout the year.

The Board approves an annual remuneration budget, including a funding pool for annual remuneration reviews and/or contingency for specific remuneration-related matters. Further the Board approves the remuneration of specified roles and specifically the following positions:

- The CEO
- Direct reports of the CEO.

2.2 Board People & Culture Committee (BPCC)

The Board has established a People & Culture Committee (BPCC) with a written charter that sets out its role, responsibilities and terms of operation. The BPCC meets at least three (3) times per year.

The BPCC comprises Chairs of the Board, Risk and Compliance Committee, Audit and Investment Committees with all members to be non-executive Directors. The majority of the members must be independent. The Chair of the Committee must be an independent Director.

The BPCC oversees the design and implementation of the Remuneration Framework and is responsible for making recommendations to the Board annually on remuneration funding and outcomes.

To support it with carrying out its duties and responsibilities the BPCC has unconditional access to the BRCC, Board Audit Committee (BAC), CRCO, Internal Auditor, and other relevant parties as required from time to time (both internal and external). The BPCC consults the BRCC and CRCO in the course of its duties to enable risk outcomes are appropriately reflected in remuneration outcomes for the CEO and direct reports of the CEO.

On an annual basis detailed assessments are completed of each member of the Executive Leadership Team (ELT), (including the CEO) showing their performance against Board approved Key Performance Indicators. Recommendations for ELT remuneration are presented to the BPCC. Separately, the Board Chair recommends remuneration for the CEO to the BPCC. The BPCC considers all recommendations then amends or endorses recommendations to the Board for approval.

2.3 Specified roles

The positions included in specified roles for StateCover include:

- Executive Leadership Team (ELT)—these individuals hold responsibility and accountability for functional, enterprise and regulatory operational activities.
- Key personnel—may include senior managers or personnel who are nominated as accountable persons as defined by the FAR Act 2023, and/or responsible persons as defined by Prudential Standard CPS 520 Fit and Proper (CPS 520).

StateCover has no other employees that it considers as material risk takers or Senior Managers in accordance with CPS 510 Governance.

3 Remuneration Framework

StateCover's Remuneration Framework has been developed to support a remuneration approach that aligns with our values as a mutual organisation, our strategic plan and to ensure we comply with regulatory requirements.

We do not currently operate variable remuneration arrangements, nor do we offer deferred or retained remuneration. Our current Remuneration Framework allows for components of fixed pay, offering a range of benefits and through recognition programs accessible to all employees.

Governed by our Remuneration Policy, our Remuneration Framework aligns with StateCover's business plan, strategic objectives and Risk Management Framework. In combination with our Remuneration Policy, the Remuneration Framework promotes effective management of financial and non-financial risks and supports the prevention and mitigation of conduct risk through a clear and simple design while providing guidance and emphasising the link between performance with pay outcomes, thus driving accountability and enabling an avenue for consequence management.

3.1 Considerations

StateCover aims to provide a strong market competitive, balanced and equitable reward and recognition offering to our people. In making remuneration decisions we consider a range of factors including performance relative to pre-defined goals, retention risk and impact, potential and readiness for progress along with an individual's direct involvement, demonstration of values and alignment to and action with applicable risk and compliance activities and requirements (including safety).

The above considerations are used to determine any and all remuneration outcomes.

3.2 Remuneration components

Our Remuneration Framework outlines the following components which are available and provided to all employees.

Fixed pay

StateCover remunerates all employees through salary/wages and superannuation guarantee contributions. Salaries are determined as per the considerations outlined in 3.1 and reviewed on an annual review cycle.

Benefits

We provide all employees an opportunity to access a suite of benefits which are typically aimed at positioning StateCover as an attractive employer and supports our employee value proposition.

Recognition programs

StateCover encourages the recognition and appreciation of one another in the course of employment. To facilitate this, we offer an online recognition portal permitting employees to recognise others and align such recognition to our core values.

4 Remuneration Policy

StateCover recognises the importance of aligning remuneration with its business plan, strategic objectives, and risk management approach. Our policy aims to:

- Encourage and maintain behaviours that support the sustainability of the Mutual
- Reward efforts that contribute to achievement of StateCover's Purpose
- Align remuneration to risk (financial and non-financial) ownership and sound risk management practices
- Attract and retain talent
- Avoid payments of a type that may incentivise inappropriate behaviour including but not limited to those that relate to conflicts of interest
- Maintain gender pay equity
- Comply with the Fair Work Act 2009 (Act) and APRA's Prudential Standard CPS 510 Governance (CPS 510) and Prudential Standard CPS 511 Remuneration (CPS 511).

5 Consequence management

Employee performance is managed through existing policies and procedures and cyclical performance appraisal processes, ensuring that employee conduct and contribution aligns with StateCover's values, role expectations and strategic objectives.

People Managers actively monitor and manage employee performance and misconduct, addressing any issues in accordance with established processes. Escalations and management of non or under performance can be made at any time and specifically when considering adjustments to remuneration.

Although variable remuneration at StateCover is not permissible and not paid to employees, performance and remuneration outcomes are managed by assessing factors such as:

- Ethical behaviour
- Regulatory compliance
- Risk management contributions

- Compliance with internal policies and procedures, including adherence to StateCover's values and Code of Conduct.

Specific consideration applies in relation to:

- Instances of misconduct
- Poor performance
- Regulatory breaches or risk failures.

The presence of such issues may result in no salary adjustment.

6 Review and refinement

StateCover commits to an annual or more frequent review where required by material regulatory, business, or strategy changes of its Remuneration Policy and Framework. Amendments will be reviewed by the StateCover Executive Leadership Team as appropriate with material updates being submitted to the BPCC for endorsement and Board for approval.