

CPS 511 Remuneration Disclosure

Introduction

In accordance with APRA's Prudential Standard CPS 511 Remuneration, Horizon Bank must make clear, comprehensive, meaningful, consistent and comparable public disclosure of information on its remuneration framework and practices.

These disclosures are required to be published on the Horizon Bank website.

Scope

The remuneration disclosures are on a financial year basis, for the full financial year ended 30 June 2025.

Qualitative disclosures

1. Governance of the Remuneration Framework.

- (a) information on the main bodies that oversee remuneration and the number of meetings held by those bodies during the financial year;*
- (b) information on how the Board exercises its discretion in determining remuneration outcomes; and*
- (c) a description of how the Board oversees remuneration policies and the input provided by the Board Risk Committee, other Board committees, or the risk function, including the Chief Risk Officer.*

Governance of the Remuneration Framework

- a) The Board is ultimately responsible for Horizon's remuneration framework and its effective application. In order to oversee remuneration, the Board has established a Board Remuneration Committee that:
- oversees the design, operation and monitoring of Horizon's remuneration framework;
 - is appropriately composed to enable competent and independent judgement when fulfilling the requirements noted in (a) above; and
 - has the powers necessary to perform its functions.

The Charter of the Remuneration Committee is detailed in Horizon's Corporate Governance policy.

The number of meetings held by the Board and the Remuneration Committee during the financial year were:

	Board	Remuneration Committee
Number of meetings (FY2025)	13	1

b) The Board exercises discretion in determining remuneration outcomes to:

- Adjust the variable remuneration downwards, to zero if necessary, to respond to significant adverse unexpected or unintended consequences affecting Horizon, and those consequences had not been foreseen by the Remuneration Committee at the time of setting the person's performance-based components of remuneration; and
- Adjust upwards the performance- based components of the remuneration in the event that the overall performance of either Horizon or an individual significantly exceeds expectations.

c) The Board oversees remuneration policies, and the input provided by the Board Risk Committee, other Board Committees (including the Remuneration Committee) and the Risk Function, including the Chief Risk Officer.

Specifically, the Board approves:

1. The Remuneration Policy, which details:

- how Horizon aligns variable remuneration outcomes with performance, where relevant;
- a description of the types of positions included in specified roles, as defined in APRA Prudential Standard CPS 511;
- how consequence management is applied in the event of a material breach or misconduct; and
- a description of the different forms of variable remuneration offered to employees in specified roles and the rationale for using these different forms (if offered).

2. The design and structure of the Remuneration Framework, including how it:

- aligns to Horizon's business plan, strategic objectives and risk management framework;
- promotes the effective management of both financial and non-financial risks, sustainable performance and long-term soundness; and
- supports the prevention and mitigation of conduct risk.

3. Variable remuneration outcomes for persons in specified roles as follows:

- The Chief Executive Officer; and
- All other senior managers, currently being the Chief Risk Officer, the Information Systems Manager, the Chief Operating Officer, the Chief Marketing Officer and the Chief Financial Officer.

97. An APRA-regulated entity must disclose information on the design and structure of its remuneration framework. This must include a description of how it:

- (a) aligns to the entity's business plan, strategic objectives and risk management framework;*
- (b) promotes the effective management of both financial and non-financial risks, sustainable performance and long-term soundness;*
- (c) supports the prevention and mitigation of conduct risk; and*
- (d) for an RSE licensee, promotes the RSE licensee performing its duties and exercising powers in the best financial interests of beneficiaries.*

Design and Structure of the Remuneration Framework

- a) The remuneration framework aligns to Horizon's business plan, strategic objectives and risk management framework by providing attractive and flexible remuneration arrangements to ensure motivated and capable staff are attracted to, and retained by Horizon, and motivated to perform at an outstanding level hence supporting Horizon's strategic goals.
- b) The remuneration framework promotes the effective management of both financial and non-financial risks, sustainable performance and long-term soundness via both fixed and variable based remuneration components that encourage behaviour that supports Horizon's long term financial soundness and risk management.
- c) The remuneration framework supports the prevention and mitigation of conduct risk by rewarding performance against the general business objectives and the specific key performance indicators (KPIs) of the role.

Furthermore, variable remuneration may be adjusted downwards, to zero if necessary, based on a number of factors including:

- misconduct leading to significant adverse outcomes;
- significant failure of financial or non-financial risk management;
- significant failure or breach of accountability, fitness and propriety, or compliance obligations;
- a significant error or a significant misstatement of criteria on which the variable remuneration determination was based; and
- significant adverse outcomes for customers, beneficiaries or counterparties.

98. An APRA-regulated entity must disclose information on its remuneration policy, including:
- (a) how the entity aligns variable remuneration outcomes with performance, where relevant;
 - (b) a description of the types of positions included in specified roles, as defined in paragraph 20(v) of this Prudential Standard;
 - (c) how consequence management is applied in the event of a material breach or misconduct;
 - (d) a description of the different forms of variable remuneration offered to employees in specified roles and the rationale for using these different forms (if offered);
 - (e) where no variable remuneration is offered (excluding one-off payments), a description of the method used to ensure risk management outcomes are assessed and consequence management applied in the event of a material breach or misconduct; and
 - (f) a description of the ways in which the APRA-regulated entity defers and adjusts variable remuneration to take account of longer-term performance, including risk performance.

Horizon's Remuneration Policy

- a) In order to align variable remuneration outcomes with performance, Horizon has in place specific criteria for the monitoring, assessment and application of performance against the general business objectives and the specific key performance indicators (KPIs) of each role.
- b) For this disclosure, the positions identified as per paragraph 20 (v) of APRA Prudential Standard CPS 511 Remuneration, and include the following:
 - The Chief Executive Officer
 - Chief Financial Officer
 - Chief Risk Officer
 - Chief Operating Officer
 - Chief Marketing Officer
 - Information System Manager

There are no other material risk takers other than those listed above.

- c) Consequence management is applied in the event of a material breach or misconduct by adjusting variable remuneration downwards, to zero if necessary, proportionate to the severity of the risk and conduct outcome. Any person under investigation by Horizon for misconduct or other such behaviour will not have their variable remuneration paid until the investigation is finalised.

- d) During the financial year, variable remuneration was available to all Horizon employees.
- e) where no variable remuneration is offered (excluding one-off payments), risk management outcomes are managed via application of Horizon's Risk Management Strategy, risk management policies and the Employee Code of Conduct. Consequence management is applied in the event of a material breach of Horizon's policies and/or misconduct.
- f) To take account of longer-term performance, including risk performance, Horizon's Board has discretion to defer and adjust variable remuneration, including to adjust downwards to respond to significant adverse unexpected or unintended consequences affecting Horizon, and those consequences had not been foreseen by the Remuneration Committee at the time of setting the person's performance-based components of remuneration and to adjust upwards in the event that the overall performance of either Horizon or an individual significantly exceeds expectations.