

REMUNERATION POLICY

Version: 31 July 2021

Policy Owner: Chief People Officer

Policy Approver: Board

Last Approval: 6 December 2019

Background

Overview

Tyro is committed to attracting, rewarding and retaining the best people to work in the organisation. A key element in achieving that objective is to ensure that Tyro is able to appropriately and competitively remunerate its team. The Policy specifically considers remuneration arrangements for particular categories of roles and employees as set out in CPS510.

Purpose

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

- a. aligns with Tyro's vision, values and strategy
- b. ensures simple and transparent remuneration policies and practices which enable the attraction and retention of directors, executive leadership team members, and employees who all create value for shareholders;
- c. fairly and responsibly rewards directors, executive leadership team members and employees having regard to Tyro's performance, individual performance and the changing market conditions; and
- d. complies with all relevant legal and regulatory requirements.

In the event that aspects of this remuneration policy and applicable requirements of the Banking Executive Accountability Regime (**BEAR**) are inconsistent in relation to a portion of variable remuneration of an accountable person, to the extent of the inconsistent, the BEAR will prevail.

Key Concepts and Principles

Responsibility

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

Principles

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

The principles that support Tyro's remuneration framework and practices include:

- a. A simple and transparent approach that all participants can easily understand.
- b. Shareholder value creation that is delivered through a strong focus on appropriate short-term goals that build towards long-term performance.
- c. Remuneration is reflective of the broader Tyro employee value proposition and is competitive in the external talent market in order to attract and retain top talent.
- d. Tyro's strong values and risk culture that influences employee remuneration outcomes.
- e. Remuneration arrangements that are fit-for-purpose and reflects the measurable value of performance and the non-financial drivers of longer-term value creation.
- f. Ensures compliance of all relevant legal and regulatory obligations.

Remuneration Approach

When setting and reviewing remuneration for all employees of Tyro, consideration is given to:

- the responsibilities of the role and individual skills and experience required to meet the requirements of the role;
- market positioning;
- external competitiveness; and
- internal relativities.

Tyro is committed to gender diversity and equality and recognises that there may be instances when gender pay gaps may inadvertently exist. Tyro is committed to taking active steps to identify and rectify any such identified gaps.

Remuneration packages for employees

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

- Annual Base Salary** – reviewed annually for all eligible employees. Reflects the value of the individual's personal performance and contributions, their ability and experience, as well as Tyro's legal obligations and external talent market conditions , and should be relative to the scale of Tyro's business.
- Short Term Incentive** – linked to Tyro's values, risk culture, vision and strategic priorities for the relevant financial year. Based on performance against financial measures, customer outcomes and individual achievement of KPI's. Paid at the discretion of the Board.
- Long Term Incentive** – equity based remuneration that is granted to key nominated employees. Targets sustained growth and shareholder wealth creation.
- Other Statutory Benefits** – superannuation, annual leave, sick and personal leave and long service leave benefits.

Remuneration for non-executive directors

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

- Annual Fees** - reflecting the value of the individual's time commitment and responsibilities of the role.
- Other Benefits** - superannuation payments, but not including retirement benefits that are additional to the individual's superannuation.

Assessing remuneration

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

Responsible Persons

In accordance with APRA's Prudential Standard 510 'Governance', remuneration arrangements and outcomes for each Responsible Person and any other persons determined by the Board will be reviewed and approved by the Board upon recommendation of the Remuneration Committee. Responsible Persons for the purpose of this Policy include all the roles listed in Tyro's Fit and Proper Policy.

BEAR provisions

In relation to remuneration of accountable persons, the BEAR requires a prudentially regulated ADI to:

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

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

Variable remuneration for BEAR accountable persons

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

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

Accountable persons

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

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

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

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

Other matters

Amendment of policy

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

Adoption of Policy and Board review

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

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