



## REMUNERATION REPORT

### 1. BASIS OF PREPARATION

This Remuneration report is designed to provide members with an understanding of Rest Group's remuneration policies in particular regarding Trustees and Executive Officers as required under s29QB of the Superannuation Industry (Supervision) Act 1993 ("SIS Act") and Regulation 2.37 of the Superannuation Industry (Supervision) Regulations 1994.

### 2. INDIVIDUAL TRUSTEES AND EXECUTIVE OFFICERS (EO)

The Individual Trustees and EOs of Rest disclosed in this report are detailed in Table 1.

The movements which occurred during the financial year 2017/18 are summarised as follows:

#### Trustees

There were changes to the Directors of Rest during the 2017-18 financial year, as follows

Mr Geoff Williams' term as a Director expired on 30 September 2017;

Mr Michael Tehan was appointed as a Director on 1 October 2017;

Ms Sue-Anne Burnley's term as a Director expired on 31 December 2017;

Ms Julia Fox was appointed as a Director on 1 January 2018;

Mr Duncan Shaw's term as a Director expired on 31 December 2017; and

Ms Sally Evans was appointed as a Director on 2 May 2018.

There were changes to Alternate Directors during the year, as follows:

Ms Aliscia di Mauro was appointed as Alternate Director to both Mr Michael Tehan and Ms Julia Fox on 1 October 2017.

#### Rest Leadership Team

There were changes to the Rest Leadership Team during the year, as follows:

Mr Damian Hill resigned as Chief Executive Officer effective on 31 January 2018;

Ms Mary Atley resigned as General Manager Brand, Marketing and Communications effective on 18 May 2018; and

Ms Vicki Doyle was appointed as Chief Executive Officer effective on 28 May 2018.

**TABLE 1: TRUSTEES AND EXECUTIVE OFFICERS**

<b>Name</b>	<b>Position</b>	<b>Term as IT/EO</b>
<b>Trustee Directors – Current</b>		
Ken Marshman	Chairman, appointed as a Director December 2013 Appointed as Chairman July 2014	Full Year
Ian Blandthorn	Director, appointed September 2008	Full Year
Joe de Bruyn	Director, appointed December 1988	Full Year
John Edstein	Director, appointed October 2013	Full Year
Sally Evans	Director, appointed May 2018	Part Year
Julia Fox	Director, appointed January 2018	Part Year
Rohan Jeffs	Director, appointed July 1990	Full Year
Steve Priestley	Director, appointed March 2014	Full Year
Michael Tehan	Director, appointed October 2017	Part Year
<b>Alternate Directors<sup>1</sup> - Current</b>		
Michael Donovan	Alternate Director for I Blandthorn, appointed March 2011	Full Year
Gerard Dwyer	Alternate Director for J de Bruyn, appointed April 2014	Full Year
Joanne Lester	Alternate Director for S Priestley, appointed July 2016	Full Year
Aliscia di Mauro	Alternate Director for M Tehan and J Fox, appointed October 2017	Part Year
<b>Chief Executive Officer (CEO)</b>		
Vicki Doyle	Chief Executive Officer, appointed 28 May 2018	Part Year
<b>Leadership Team</b>		
Phil Budge	Chief Risk Officer, appointed June 2015	Full Year
Brendan Casey	General Manager Investments, appointed October 2016	Full Year
Sandra Coleman	General Manager Transformation and Technology, appointed January 2014	Full Year
Trevor Evans	General Manager People and Culture, appointed August 2014	Full Year

<sup>1</sup> No remuneration is paid to Alternate Directors. Alternate Directors are entitled to receive reimbursement of out of pocket expenses associated with the conduct of their role.

Craig Hobart	General Manager Strategic Relations, appointed July 2016	Full Year
Andrew Howard	Chief Operating Officer, appointed April 2015	Full Year
Paul Howard	General Counsel and Company Secretary, appointed March 2011	Full Year
Beth Parkin	General Manager Customer Service, appointed November 2015.	Full Year
Chris Stevens	Chief Financial Officer appointed March 2008	Full Year

#### **Other Executive Officers**

John Nolan	Advisor to and non-voting member of, the Rest Investment Committee, appointed October 2003	Full Year
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### **3. ROLE OF THE BOARD IN REMUNERATION**

Rest's People, Culture and Remuneration Committee (PCRC) is a Committee of the Board. The PCRC is responsible for overseeing corporate governance, organisation design, people strategy and compensation policies and practices which are designed to provide a level and composition of reward, including remuneration, and recognition for all people that:

- will attract, retain and motivate people with the requisite skills and expertise towards high performance;
- is linked to organisation and individual performance;
- maintains the integrity and competitiveness of the Group's remuneration strategies and practices; and
- provides appropriate alignment between members' interests and the employees' interests within an appropriate risk management framework.

The PCRC provides a corporate governance approach that supports the Rest group's People strategy and allows the Board to effectively perform a proper review and / or approve function ensuring risk mitigation for operational, financial, regulatory and reputational matters; and compliance with all relevant laws including the Superannuation Industry (Supervision) Act and Regulations, the Australian Prudential Regulation Authority (APRA) Prudential Standards and employment related laws.

Throughout the year the PCRC and management received information from external providers (FIRG, McGuirk Management Consultants, Human Synergistics, KPMG, and Clayton Utz) on human resources and remuneration matters. This information related to remuneration market data and analysis, market practice on design and structure of the short-term incentive program and advice on legislative requirements and compliance. All Board decisions related to human resources and remuneration matters were made independently using the information provided and having careful regard to Rest's strategic objectives and remuneration principles.

### **4. COMPOSITION OF EXECUTIVE OFFICER REMUNERATION**

#### **4.1 Fixed Remuneration**

The fixed remuneration amount is expressed as a total dollar amount taken as cash salary, mandatory superannuation contributions and other nominated benefits, where appropriate.

Rest positions fixed remuneration for the CEO and the Rest Leadership Team against the relevant sector of the Australian financial services market taking into consideration role responsibilities, qualifications, experience and performance.

#### 4.2 Variable STI Incentive

The CEO and the Rest Leadership Team share the same remuneration structure, comprising fixed remuneration and Short-Term Incentive (STI) components.

To be eligible for STI payments, Executives must consistently display behaviours that are aligned to Rest's values.

A Balanced Scorecard approach to STI remuneration is adopted. The scorecard of objectives is developed from Rest's Strategic and Operational objectives and has two performance-based elements - Organisational based objectives and Individual based objectives.

The achievement of objectives results in payments of STI at target levels. Maximum STI is paid in circumstances where objectives are significantly exceeded.

The Board approaches the assessment of organisational and individual performance having regard to a range of factors that impact final outcomes, including both quantitative and qualitative measures.

### 5. 2017/18 REMUNERATION

#### 5.1 Trustee Directors

From inception of the Fund in 1988 until December 2013 no fees were paid to the Directors of Rest apart from the reimbursement of out of pocket expenses in performing their duties.

Directors receive a fee for being a Director or Chairman of the Rest Board, and additional fees for either chairing or being a member of a Board Committee as set below. Included in their fees, Directors receive a Superannuation Guarantee Contribution made in accordance with current Superannuation Guarantee legislation.

The fees are based on the complexity and time committed by Directors in performing their Board and Committee responsibilities. The amount of their fees has been determined having regard to the above and on the basis that they are fair and reasonable, as confirmed by independent remuneration consultants. Directors are not entitled to any short-term incentive.

#### Elements of Director Remuneration

Board / Committee	Chairman \$ per annum	Member \$ per annum
Trustee Board	\$85,000	\$45,000
Investment Committee	\$70,000	\$40,000
Member and Employer Services Committee	\$40,000	\$30,000
Audit Risk & Compliance Committee	\$40,000	\$25,000
People, Culture and Remuneration Committee	\$25,000	\$15,000
Trust Deed Committee	\$5,000	\$5,000
Tax Planning Committee	\$3,000	\$3,000

**TABLE 2: TRUSTEE DIRECTORS FOR YEAR ENDED 30 JUNE 2017 AND 30 JUNE 2018**

	Year	Short-term benefits		Post-employment benefits		Long term benefits	Total	Fees paid to
		cash salary, fees and short-term compensated absences	short term bonuses, non-monetary and other short-term benefits	pension and superannuation benefits	other post-employment benefits			
<b>Current Directors</b>								
K. Marshman Independent Chairman	2018	185,388	-	17,612	-	-	203,000	Director
	2017	185,388	-	17,612	-	-	203,000	Director
I. Blandthorn	2018	98,630	-	9,370	-	-	108,000	Director
	2017	71,233	-	6,767	-	-	78,000	SDA
J. de Bruyn	2018	153,425	-	14,575	-	-	168,000	Director
	2017	153,425	-	14,575	-	-	168,000	Director
J. Edstein	2018	103,196	-	9,804	-	-	113,000	Director
	2017	98,630	-	9,370	-	-	108,000	Director
S. Evans (appointed 2/5/2018)	2018	6,849	-	651	-	-	7,500	Director
	2017	NA	-	NA	-	-	NA	NA
J. Fox (appointed 1/01/2018)	2018	27,397	-	2,603	-	-	30,000	SDA
	2017	NA	-	NA	-	-	NA	NA
R. Jeffs	2018	127,854	-	12,146	-	-	140,000	Director
	2017	127,854	-	12,146	-	-	140,000	Director

	Year	Short-term benefits		Post-employment benefits		Long term benefits	Total	Fees paid to
		cash salary, fees and short-term compensated absences	short term bonuses, non-monetary and other short-term benefits	pension and superannuation benefits	other post-employment benefits			
S. Priestley	2018	116,895	-	11,105	-	-	128,000	Director
	2017	116,895	-	11,105	-	-	128,000	Director
M. Tehan (appointed 1/10/2017)	2018	51,370	-	4,880	-	-	56,250	Director
	2017	NA	-	NA	-	-	NA	NA
<b>Past Directors</b>								
S-A. Burnley (term expired 31/12/2017)	2018	27,397	-	2,603	-	-	30,000	SDA
	2017	54,795	-	5,205	-	-	60,000	SDA
D. Shaw (term expired 31/12/2017)	2018	27,397	-	2,603	-	-	30,000	Director
	2017	54,795	-	5,205	-	-	60,000	Director
G. Williams (term expired 30/09/2017)	2018	26,256	-	2,494	-	-	28,750	Director
	2017	105,021	-	9,979	-	-	115,000	Director
<b>Total</b>	<b>2018</b>	<b>952,054</b>	<b>-</b>	<b>90,446</b>	<b>-</b>	<b>-</b>	<b>1,042,500</b>	
	<b>2017</b>	<b>968,036</b>	<b>-</b>	<b>91,964</b>	<b>-</b>	<b>-</b>	<b>1,060,000</b>	

**Notes**

No termination benefits were paid to any Director

No payments were made to any Director for agreeing to hold the position

SDA: Shop, Distributive and Allied Employees' Association

## **5.2 CEO**

Remuneration for the CEO in 2017-18 is detailed in Table 3. This includes short term incentives in relation to the financial year to which the performance relates.

**Short term Incentive (STI).** The CEO has a maximum STI entitlement which fully vests in the financial year and is based on a proportion of the CEO's fixed remuneration. The actual amount payable is dependent upon performance as CEO and the performance of the organisation as a whole. The Board approve the objectives for the Financial Year and assess performance against these objectives at the end of the year to determine if an STI payment is to be made. Any STI objective not met results in that proportion being forfeited.

## **5.3 Rest Leadership Team**

Statutory remuneration provided to Executives in the 2017-18 Financial Year is detailed in Table 3. Where relevant this includes short-term incentives payable in relation to the financial year to which the performance relates.

The STI entitlement fully vests in the financial year and is based on a proportion of the Executive's fixed remuneration. The actual amount payable is dependent upon performance against individual objectives and the performance of the organisation as a whole. The Board / CEO approve the objectives for the Financial Year and assess performance against these objectives at the end of the Financial year and subject to the Executive demonstrating behaviours consistent with Rest's values year to determine if an STI payment will be made.

## **5.4 Other Executive Officers**

John Nolan is engaged by Rest as an independent non-voting member of the Investment Committee. In this role, he is deemed to be an Executive Officer of Rest. He also provides consulting services to the Trustee. He is entitled to fees for his role and out of pocket expenses but is not entitled to any STI. His remuneration for his role as an Executive Officer is detailed in Table 3.

**TABLE 3: CEO, REST LEADERSHIP TEAM AND OTHER EXECUTIVES REMUNERATION FOR 2016/17 AND 2017/18**

			Short-term benefits				Post-employment benefits		Long term benefits	Total
	Key Date	Year	cash salary, fees and short-term compensated absences <sup>1</sup>	short term cash profit-sharing and other bonuses <sup>2</sup>	non-monetary benefits <sup>3</sup>	other short-term employee benefits <sup>4</sup>	pension and superannuation benefits	other post-employment benefits	other long-term employee benefits <sup>5</sup>	
<b>Current Executives</b>										
V. Doyle Chief Executive Officer	Appointed 28/05/2018	2018*	59,250	0	360	4,312	2,078	0	140	66,140
		2017	NA	NA	NA	NA	NA	NA	NA	NA
P. Budge Chief Risk Officer		2018	223,045	0	0	5,452	23,739	0	6,298	258,534
		2017	215,703	29,694	0	13,426	22,687	0	2,220	283,730
B. Casey General Manager Investments	Appointed 1/11/2016	2018	293,171	53,754	0	13,511	24,876	0	1,990	387,302
		2017*	189,462	34,332	0	8,935	17,998	0	467	251,194
S. Coleman General Manager Transformation & Technology		2018	281,676	39,650	0	-1,366	24,707	0	6,739	351,407
		2017	265,909	37,754	0	-1,940	27,636	0	4,694	334,052
T. Evans General Manager People & Culture		2018	231,954	33,150	0	-13,066	23,489	0	4,199	279,726
		2017	229,189	34,550	0	13,591	23,994	0	3,053	304,378
C. Hobart General Manager Strategic Relations	Appointed 25/7/2016	2018	315,293	45,789	0	-5,354	26,165	0	2,382	384,275
		2017*	282,692	44,187	0	12,265	26,856	0	698	366,697



		Short-term benefits				Post-employment benefits		Long term benefits	Total	
Key Date	Year	cash salary, fees and short-term compensated absences <sup>1</sup>	short term cash profit-sharing and other bonuses <sup>2</sup>	non-monetary benefits <sup>3</sup>	other short-term employee benefits <sup>4</sup>	pension and superannuation benefits	other post-employment benefits	other long-term employee benefits <sup>5</sup>		
A. Howard Chief Operating Officer	2018*	503,027	64,542	9,440	2,502	22,739	0	6,995	609,245	
	2017	379,247	72,365	9,655	13,346	30,142	0	4,163	508,918	
P. Howard General Counsel & Company Secretary	2018	292,086	40,698	0	-18,011	23,219	0	10,847	348,839	
	2017	285,979	37,860	0	1,381	24,856	0	8,095	358,172	
J. Nolan <sup>6</sup> Investment Consultant	2018	36,530	0	0	0	3,470	0	0	40,000	
	2017	36,530	0	0	0	3,470	0	0	40,000	
E. Parkin General Manager Customer Service	2018	256,885	34,903	0	271	23,697	0	3,246	319,002	
	2017	234,295	35,340	0	913	24,249	0	1,559	296,356	
C. Stevens Chief Financial Officer	2018	304,462	37,724	0	-2,396	22,000	0	12,572	374,361	
	2017	288,133	40,607	0	-2,378	30,678	0	14,340	371,380	
<b>Past Executives</b>										
D. Hill Chief Executive Officer	2018	620,913	99,298	28,621	-71,253	23,993	0	-240,815	460,757	
	Resigned 31/01/2018	2017	490,891	112,544	33,305	-20,171	29,691	0	17,885	664,145
M. Atley	Resigned 18/05/2018	2018	320,111	0	0	-12,268	20,774	0	-24,547	304,070

		Short-term benefits				Post-employment benefits		Long term benefits	Total	
	Key Date	Year	cash salary, fees and short-term compensated absences <sup>1</sup>	short term cash profit-sharing and other bonuses <sup>2</sup>	non-monetary benefits <sup>3</sup>	other short-term employee benefits <sup>4</sup>	pension and superannuation benefits	other post-employment benefits	other long-term employee benefits <sup>5</sup>	
General Manager Brand, Marketing & Communications		2017	234,295	28,522	0	-3,947	24,946	0	7,386	291,202
<b>Total</b>		<b>2018</b>	<b>3,738,403</b>	<b>449,508</b>	<b>38,421</b>	<b>-97,666</b>	<b>264,946</b>	<b>0</b>	<b>-209,954</b>	<b>4,183,657</b>
		<b>2017</b>	<b>3,132,325</b>	<b>507,755</b>	<b>42,960</b>	<b>35,421</b>	<b>287,204</b>	<b>0</b>	<b>64,560</b>	<b>4,070,224</b>

#### Notes

\* The remuneration is from the date of appointment. STI has also been awarded on a pro-rata basis where applicable.

\*\* Andrew Howard was Interim Chief Executive Officer from 1/2/18 to 27/5/18

<sup>1</sup> Includes any salary sacrifice superannuation items.

<sup>2</sup> Includes the short-term incentives (STI) payable in relation to the financial year to which the performance relates.

<sup>3</sup> Non-monetary benefits include motor vehicle and parking benefits and any associated fringe benefits tax.

<sup>4</sup> Other short-term employee benefits include net annual leave accrual

<sup>5</sup> Other long-term employee benefits comprise long service leave accrual determined in accordance with AASB 119 Employee Benefits.

<sup>6</sup> J. Nolan received total remuneration of \$160,000. The table above discloses the amount allocated relating to his Executive Officer role for being a non-voting member of the Investment Committee. The remaining amount of \$120,000 incl super (2017 \$120,000 incl super) relates to consulting services to the Fund.

No payments were made to any Executive for agreeing to hold the position.

No contracts for other services provided by Executives to the RSE were made during the year.