

# Remuneration Report

This Remuneration report relates to Company performance for the year ending June 2015. The remuneration basis has been changed during the year such that incentive payments for Key Management Personnel and other staff in relation to the company performance for the year have been brought forward by one month so that the full year results reflect both the company's performance and all incentives payable in respect of that performance. Previously the incentive payments reported for Key Management Personnel were not determined on an individual basis until after the financial statements had been approved by the Board and so they were not reported until the following year. This remuneration report reflects the changed basis for incentive payments and for consistency the prior year disclosures have been restated to provide details of the incentives paid in 2015 in relation to the 2014 performance year.

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This Remuneration report sets out the remuneration information for Australian Unity Limited and the entities it controls ('Australian Unity' or 'Group') for the year ending 30 June 2015 ('Year'). It has been prepared and audited as required by the *Corporations Act 2001* ('the Act'). The report covers all Key Management Personnel of the Group.

## 1. Overview

The board of Australian Unity Limited considers that its remuneration framework plays an important part in driving the successful performance of the Group and in turn the creation and delivery of value for members. The Human Resources, Remuneration and Nominations Committee ('HR Committee') in establishing and recommending the overall remuneration framework, including its governance to the board, have had particular regard to the purpose and structure of the company, the business' strategies, market conditions and expectations of relevant stakeholders. The remuneration framework has remained consistent from the 2014 year and has been benchmarked and monitored to ensure it is:

- ▶ Effective in connecting remuneration arrangements with both Group and business unit short and long-term performance and risk management;
- ▶ Effective in attracting and retaining the talent required for sustainable business performance and growth; and
- ▶ Reflective of relevant and current market practices.

Australian Unity is an independent mutual company that operates on commercial principles. The Group operates with a social purpose and is governed by its members. Profits are reinvested into the growth of member wellbeing services and products. The company has a stated ambition to enable millions to enjoy wellbeing.

The Australian Unity business is a substantial and complex one with several different business streams that span a number of industries. Each of the business areas is heavily regulated and has complex market dynamics. In understanding the rationale behind the remuneration structures it is useful to consider the following dimensions of the Australian Unity Group:

A comprehensive description of the Group's activities and highlights for the year is to be found in the operating and financial review section of the Directors' Report.

As a result of the Company structure, complex industry environments and the diverse set of business activities, Australian Unity requires a high level of

skill and competence from a large team of managers and directors.

High-quality executives, senior managers and specialists are required to run these businesses effectively, efficiently and productively. Stringent regulatory fit and proper requirements for directors and some staff are mandatory.

To attract and retain this calibre of staff, the HR Committee sets remuneration structures that are competitive in the Australian marketplace. The HR Committee believes the existing remuneration framework and the rates of remuneration paid to directors, senior executives, and staff are appropriate in the competitive environment.

In the 2015 year, Australian Unity made enhancements to the metrics that evaluate business performance and govern incentives. The enhancements broaden the measurements that evaluate business contribution, and ensure that the Group has the necessary insight and control to maximise the benefit to members, customers and residents.

The remuneration arrangements have been designed to maintain alignment with the members' interests (both short-term and long-term) and to ensure remuneration remains competitive. Accordingly, executive remuneration is made up of both short and long-term elements, as well as elements which are fixed; and elements where payment is variable according to performance levels. These arrangements enable Australian Unity to retain and attract talented people who are vital to delivering current services, a sustainable and successful future and achieving Australian Unity's strategic objectives.

## Eve Crestani

Chairman, HR Committee.

## 2. Key terms

Throughout this report, the following terms have the meaning indicated below:

'Company' means Australian Unity Limited

'Key Management Personnel' or 'KMP' means those persons having authority and responsibility for planning, directing and controlling the activities of Australian Unity Limited and the Group, directly or indirectly. During the Year the Key Management Personnel were:

Non-executive director	Position
Glenn Barnes	Chairman
Melinda Cilento	Non-executive Director
Eve Crestani	Non-executive Director
Ian Ferres <sup>1</sup>	Non-executive Director (part year)
Stephen Maitland	Non-executive Director
Peter Promnitz	Non-executive Director
Warren Stretton <sup>2</sup>	Non-executive Director (part year)
Greg Willcock	Non-executive Director

Senior Executives	Position
Rohan Mead	Group Managing Director & CEO
David Bryant	CEO Investments
Amanda Hagan	CEO Healthcare
Kevin McCoy	Chief Financial Officer
Derek McMillan	CEO Retirement Living

<sup>1</sup> Retired 1 August 2014

<sup>2</sup> Retired 31 December 2014

'Senior Executives' means the Group Managing Director and all executives who report to the Group Managing Director. This includes all senior managers (within the meaning of the Act) and all Key Management Personnel except non-executive directors.

