

# Quality Holdings Super

Illustrative Directors' and  
Remuneration Report for a  
Registrable Superannuation Entity

April 2024



## Foreword

Schedule 6 of the *Treasury Laws Amendment (2022 Measures No. 4) Act 2023* became effective for registrable superannuation entities (RSEs) from 1 July 2023. This subjects RSEs to the requirements of Chapter 2M of the *Corporations Act 2001* ('CA') and the *Australian Securities and Investments Commission Act 2001* ('ASIC Act'), thereby imposing financial reporting and auditing obligations that are consistent with the requirements applicable to public companies and registered schemes. The governance of financial reporting for RSEs therefore transitions from the Australian Prudential Regulation Authority (APRA) to the Australian Securities and Investments Commission (ASIC). In addition, Schedule 6 repealed certain provisions and regulations under the *Superannuation Industry (Supervision) Act 1993* (SIS Act) to avoid duplication of requirements.

For the purposes of the *Corporations Act 2001*, 'RSE' has the same meaning as in the SIS Act and is defined as a regulated superannuation fund, an approved deposit fund or a pooled superannuation trust.

These amendments will result in changes to the contents of the annual financial report for RSEs with the introduction of a directors' report, including a remuneration report and an auditor's independence declaration. These will be required to be lodged with ASIC and made publicly available on the RSE's website.

As the superannuation industry continues to grow, with now over \$3 trillion in funds under management, increasingly heightened governance expectations are being placed on RSEs. The annual financial report is an important element of an RSE's governance, communicating to the RSE's stakeholders about the entity's current financial position, financial performance, and financial risks. It also forms the basis for the financial information reported in the APRA reporting forms and the annual report to members.

The Quality Holdings Super Illustrative Directors' and Remuneration Report for a Registrable Superannuation Entity has been designed to assist you in preparing the directors' and remuneration reports for an RSE in accordance with the new requirements, thereby minimising time-consuming 'guesswork' around interpreting and applying the new requirements.

We hope that you find this illustrative template beneficial. Should you require any further assistance or direction, please contact your local EY representative.



Maree Pallisco  
Partner - National Superannuation Leader

22 April 2024

General commentary

CA 298(1) requires a RSE to prepare a directors' report for each financial year and CA298(1AA) specifies that the directors' report must include:

- a. The general information required by CA299
- b. The specific information required by CA300, CA300A and CA300C
- c. A copy of the auditor's independence declaration under CA307C in relation to the audit for the financial year

CA298(2) states that the report must:

- a. Be made in accordance with a resolution of the directors
- d. Specify the date on which the report was made
- e. Be signed by a director

The directors of Quality Holdings Super Pty Limited, the Trustee for Quality Holdings Super Fund (the Fund), present their report together with the financial statements of the Fund for the year ended 30 June 2024.

CA 298(1)

Directors

The names of the directors in office of Quality Holdings Super Pty Limited during the financial year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

CA 300(1)(c)

Name	Position	Term as Director
V. Sheen	Independent Chair	Full financial year
J. Citizen	Independent Director	Appointed 1 August 2023
M. Krupp	Independent Director	Full financial year
C. Mohot	Independent Director	Ceased 31 July 2023
M. Simson	Independent Director	Full financial year
T. Papas	Independent Director	Full financial year

General information about operations and activities

CA 299 (1)(a) - (f)

General commentary

The appropriate information to disclose in the operating and financial review will depend on the individual RSE's business operations.

CA 299 requires the directors' report for a financial year to:

- a. Contain a review of operations during the year of the entity and the results of those operations
- b. Give details of any significant changes in the entity's state of affairs during the year
- c. State the entity's principal activities during the year and any significant changes in the nature of those activities during the year
- d. Give details of any matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect:
  - i. The entity's operations in future financial years
  - Or
  - ii. The results of those operations in future financial years
  - Or
  - iii. The entity's state of affairs in future financial years
- e. Likely developments in the entity's operations in future financial years and the expected results of those operations
- f. If the entity's operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a state or territory, to give details of the entity's performance in relation to environmental regulation

Prejudicial information need not be disclosed. The report may omit material information that would otherwise be included under paragraph (1)(e) above, if it is likely to result in unreasonable prejudice to the RSE. If material information is omitted, the report must say so.

RSEs may refer to ASIC Regulatory Guide 247: *Effective disclosure in an operating and financial review*, the ASX Guidance Note 10: *Review of Operations and Activities*, ASX Listing Rule 4.10.17 and the G100's *Guide to Review of Operations and Financial Condition*. These provide guidance on the form and content of a listed entity's review of operations and the results of those operations, including specific guidance on items that might be appropriately included. While the guidance is specific to listed companies, it may be useful when preparing the review of operations for an RSE.

# Directors' report

The purpose of this section is to:

- ▶ Provide a review of the Fund's operations and results
- ▶ Outline any significant changes in the state of affairs of the Fund
- ▶ State the Fund's principal activities and any significant changes during the year
- ▶ Detail any significant events after the end of the year
- ▶ Refer to likely developments in the Fund's operations in future financial years and the expected results
- ▶ Detail any environmental regulations the Fund is subject to and the impact on performance

## Review of operations and results

CA 299(1)(a)

Net assets available for member benefits at 30 June 2024 grew from \$17,200 million to \$40,700 million during the year, predominantly as a result of the merger with Milestone Super via Successor Fund Transfer (SFT) on 1 February 2024.

### Investment performance

2024 was a challenging year for members with significant market falls impacting superannuation account balances and most of the Fund's accumulation investment options suffering negative 12-month returns.

The performance of Quality Holdings Super's investment options was impacted by rising inflation and interest rates which led to extreme volatility in financial markets - both for equities and bonds. Inflation was higher than expected due to geopolitical conflict in Ukraine and the Middle East, ongoing supply chain disruptions and higher than anticipated migration levels in Australia resulting in ongoing contractionary monetary policy levels.

An overweight to the technology sector and bonds which both performed poorly, and an underweight to the strongly performing infrastructure sector and unlisted asset classes were key contributors to the under-performance.

### Fund membership

The Fund's membership expanded to over 600,000 members (30 June 2023: 350,000). This was largely achieved through the Milestone Super SFT and the implementation of a refreshed member retention strategy.

Average member account balances increased to \$700,000 (30 June 2023: \$500,000). This is a result of higher average member balances transferring into the Fund from Milestone Super, higher retention rates across working members, and an increase in the Commonwealth Government's Superannuation Guarantee rate of employer contributions to 11.0% (30 June 2023: 10.5%).

## Significant changes in the state of affairs

CA 299(1)(b)

### Milestone Super SFT

The Milestone Super SFT on 1 February 2024 marked a significant milestone since the establishment of the Fund. The SFT resulted in the transfer of more than 250,000 members from Milestone Super to Quality Holdings Super with \$23,500 million in net assets. The SFT has enhanced the Fund's scale and competitiveness with \$40,700 million in net assets available for member benefits and a membership exceeding 600,000 members.

### Change in custodian

During the year, the Fund appointed a new custodian and investment administrator. Effective 31 October 2023, the Fund's custodially-held assets and investment administration services transferred from Better Bank Nominees Limited to Super Bank Nominees Limited.

## Principal activities and significant changes

CA 299(1)(c)

During the financial year the principal continuing activities of the Fund consisted of providing superannuation, retirement benefits and financial planning services to employees and former employees of the Australian transport sector and related organisations. The Fund remains open to new members outside the transportation sector. The Fund is a hybrid fund providing accumulation and defined benefits to members.



# Directors' report

## Significant events after the end of year

CA 299(1)(d)

On 14 August 2024, the Fund's investment in a wind farm in eastern Victoria, Australia was severely damaged by flooding. The investment in the wind farm is held through a special purpose vehicle. The fair value of the special purpose vehicle as at 30 June 2024 was \$1,600 million. The estimated impact is a reduction in the fair value of the special purpose vehicle, and therefore the Fund's net assets available for member benefits and result from superannuation activities of \$600 million. The financial impact of this event has not been reflected in the financial statements for the year ended 30 June 2024.

There are no other matters or circumstances that have arisen since 30 June 2024 that have significantly affected, or may have a significant effect, on:

- i. The operations of the Fund in future financial years
- ii. The results of those operations in future financial years
- iii. The state of affairs of the Fund in future financial years

## Likely developments in the Fund's operations and expected results

CA 299(1)(e)

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Trustee's Product Disclosure Statements and the provisions of the Trust Deed.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

## General commentary

Information regarding likely developments to the RSE's operations in the future and the expected results of those operations may be omitted where they would result in unreasonable prejudice to the RSE. Where such information is omitted, this fact must be disclosed.

## Environmental regulation and performance

CA 299(1)(f)

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

## Non-audit services

CA 300C(4),(5),(6)

The following non-audit services were provided by the Fund's auditor, Ernst & Young Australia. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied because the Board Audit Committee or its delegate has assessed each service, having regard to auditor independence requirements of applicable laws, rules and regulations, and concluded that the provision of each service or type of service would not impair the independence of Ernst & Young Australia.

Ernst & Young Australia received or are due to receive the following amounts for the provision of non-audit services:

	\$
Assurance services that are required by legislation to be provided by the external auditor	370,000
Other assurance and agreed-upon-procedures under other legislation or contractual arrangements	503,000
Other services	385,000
	<u>1,258,000</u>

# Directors' report

## General commentary

CA300C(7) requires the statements under non-audit services above to be made in accordance with advice provided by the RSE's audit committee. The statement is taken to be made in accordance with advice provided by the RSE's audit committee only if:

- a. The statement is consistent with that advice and does not contain any material omission of material included in that advice
- b. The advice is endorsed by a resolution passed by the members of the audit committee
- c. The advice is written advice signed by a member of the audit committee on behalf of the audit committee and given to the directors

In accordance with CA300C(9)(c), the directors' report for the financial year must also include details of, and reasons for, the approval granted for an individual to play a significant role in the audit of the RSE should such approval have been granted under CA324DAA, e.g. to serve not more than two successive financial years in addition to the five successive financial years allowed under CA324DA(1).

Further, CA300C(10) states that if a registered company auditor plays a significant role in the audit of a RSE for a financial year in reliance on a declaration made under CA342A, the directors' report for the entity for the financial year must also include details of the declaration.

## Auditor's independence declaration

The directors received the following declaration from the auditor of the Fund:

CA 298(1AAXc)  
CA 307C



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8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

### Auditor's Independence Declaration to the Directors of Quality Holdings Super Pty Limited as trustee of Quality Holdings Super Fund

As lead auditor for the audit of the financial report of Quality Holdings Super Fund for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- No contraventions of any applicable code of professional conduct in relation to the audit; and
- No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Quality Holdings Super Fund during the financial year.

Ernst & Young Australia

D.G. Brown  
Partner  
Melbourne  
20 September 2024

Liability limited by a scheme approved under  
Professional Standards Legislation.

# Directors' report

## Remuneration report (audited)

### 1. Remuneration report overview

#### General commentary

The requirement to provide remuneration information is not new for RSEs, as section 29QB of the SIS Act (which was repealed by Schedule 6 to the Act) previously required an RSE licensee of a RSE to make publicly available and keep up to date at all times on the RSE's website the remuneration details prescribed by the regulations.

CA 300C now requires the inclusion of a Remuneration Report which is to be provided in a separate section of the directors' report for an RSE.

New *Corporations Regulation 2M.3.4* sets out the prescribed details that must be disclosed in the Remuneration Report in relation to the remuneration of each member of the Key Management Personnel (KMP) for the RSE. It also requires the Remuneration Report to be clearly labelled as such and be subject to audit.

All details required to be disclosed are required to be determined in accordance with accounting standards.

The Directors of Quality Holdings Super Pty Limited, (the Trustee) present the Remuneration Report for the Fund for the year ended 30 June 2024. The Remuneration Report forms part of the Directors' Report and has been audited in accordance with section 300C of the *Corporations Act 2001*. The Remuneration Report details the remuneration arrangements for the Key Management Personnel (KMP) of the Fund which include those persons who, directly or indirectly, have authority and responsibility for planning, directing, and controlling the major activities of the Fund. For Quality Holdings Super this includes:

- ▶ Directors of Quality Holdings Super Pty Limited, the Trustee for the Fund
- ▶ Certain senior executives of Quality Holdings Super Pty Limited who meet the definition of KMP above (collectively the Executive KMP)

#### General commentary

Section 345AAC of *Corporations Act 2001* defines "Director of an RSE" as:

1. If RSE licensee for the entity is a constitutional corporation or a body corporate—a director of the constitutional corporation or body corporate, or
2. If the RSE licensee for the entity is a group of individual trustees—each of those trustees

The table below lists the KMP and their movements during the year ended 30 June 2024:

Name	Position	Term as KMP
<strong>Directors of the Trustee</strong>		
V. Sheen	Independent Chair	Full financial year
J. Citizen	Independent Director	Appointed 1 August 2023
M. Krupp	Independent Director	Full financial year
C. Mohot	Independent Director	Ceased 31 July 2023
M. Simson	Independent Director	Full financial year
T. Papas	Independent Director	Full financial year
<strong>Executive KMP</strong>		
T. Hannah	Chief Executive Officer (CEO)	Full financial year
D.J. Estreux	Chief Financial Officer (CFO)	Full financial year
S. Moran	Chief Investment Officer (CIO)	Full financial year
M.X. Vo	Chief Operations Officer (COO)	Ceased 31 July 2023
A.M. John	Chief Operations Officer (COO)	Appointed 1 August 2023

CA 308(3D)  
CA 300C(1),(2),(3)  
  
AASB 124.9

Reg 2M.3.04(1)  
Items 1-4



# Directors' report

## Remuneration report (audited)

### General commentary

KMP may differ between RSEs based on the varying nature of roles, responsibilities, and accountabilities of executives. RSEs should refer to the definition of KMP as outlined in AASB 124 *Related Party Disclosures* when determining the persons who would be captured as KMP for disclosure within the Remuneration Report. AASB 124.9 defines KMP as “individuals who have authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.”

In this illustrative template, no members changed position during the most recently completed financial year. Reg 2M.3.04(1) Item 3 requires that if a member changes position, the following must be disclosed:

- a. The member’s name and position
- b. When the change occurred

Unlike companies that are disclosing entities, RSEs are not required to provide details, such as the board’s policy for determining the nature and amount of remuneration for KMP. However, in accordance with the requirements of the APRA Prudential Standard CPS 511 Remuneration (CPS 511), which apply from the first full financial year from January 1, 2024, APRA-regulated entities are required to provide comprehensive remuneration disclosures on their website. Therefore, RSEs are encouraged to ensure that the disclosures mandated by CPS 511 align with the information and details provided within the remuneration report of the annual audited financial statements.

The remuneration requirements outlined in the Financial Accountability Regime (FAR) overlap with the requirements of CPS 511. Funds are encouraged to ensure that the requirements of the regulatory regimes align to that of the new remuneration disclosure requirements.

Each RSE will have a specific remuneration structure. Therefore, the disclosures provided under the “Overview of executive remuneration” should be specific and relevant to the RSE. Whilst fixed remuneration is applicable for most KMPs, short term and long-term incentives based on performance may also be provided to executive KMP. Variable remuneration is generally provided on an annual cycle. Some funds may defer a percentage of certain executive’s variable remuneration (for example CEO or CIO), subject to meeting certain performance conditions.

The new CPS 511 will require entities to establish and maintain stronger incentives for individuals to manage the risks they are responsible for and appropriate consequences for poor risk outcomes. Variable remuneration of senior executives will be subject to longer deferral, combined with provisions for in-year, malus, and clawback adjustments.

CPS 511 states that an APRA-regulated entity must defer variable remuneration as follows:

- a. For a Chief Executive Officer (CEO), at least 60 per cent of the CEO’s total variable remuneration must be deferred over a minimum deferral period of six years, vesting no faster than on a pro-rata basis and only after four years.
- b. For a senior manager and executive director other than a CEO, at least 40 per cent of that person’s total variable remuneration must be deferred over a minimum deferral period of five years, vesting no faster than on a pro-rata basis and only after four years.
- c. For a highly paid material risk-taker who is not a senior manager, at least 40 per cent of that person’s total variable remuneration must be deferred over a minimum deferral period of four years, vesting no faster than on a pro-rata basis and only after two years.

Based on the above requirements, it is expected that RSEs will provide more longer term incentives to KMPs going forward.

# Directors' report

## Remuneration report (audited)

### 2. Overview of director and executive remuneration

For details regarding the RSE's remuneration framework, policies, and structures, please refer to our website [QualityHoldingsSuper.com.au](http://QualityHoldingsSuper.com.au).

#### Elements of remuneration

##### Director remuneration

Quality Holdings Super Pty Limited has independently appointed directors. The independent director's fee is based on comparable positions in other superannuation funds and the financial services sector more broadly. The fees payable to individual directors may be delivered as a combination of cash and superannuation at the director's discretion (subject to minimum Superannuation Guarantee requirements).

Directors do not receive performance-related incentives, long service leave, retirement, or termination benefits.

##### Executive KMP remuneration

Executive KMP are rewarded with a level and mix of remuneration appropriate to their position, responsibilities, and performance, in a way that aligns with the Fund's business strategy and performance.

Executives receive mainly fixed remuneration and variable remuneration consisting of short-term incentives (STI). The CEO also receives long term incentives (LTI) opportunities. Executive remuneration levels are reviewed annually by the Remuneration Committee of the Trustee with reference to the Fund's remuneration framework and market movements.

##### Fixed remuneration

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits and is designed to reward for:

- ▶ The scope of the executive's role
- ▶ The executive's skills, experience, and qualifications
- ▶ Individual performance

It is set with reference to comparable roles at similar funds.

##### Short-term incentives (STI)

The STI recognises and rewards annual performance. Under the STI, executive KMPs have the opportunity to earn an annual incentive award which is delivered in cash.

Reg 2M.3.04(1)  
Item 11(b)-(d)

How is it paid?	The CEO and CIO receive 75% of any STI award in cash after the assessment of annual performance. 25% is deferred for a further one year period. All other KMPs receive 100% of any STI award in cash after the assessment of annual performance.
How much can executives earn?	Executives have a target STI opportunity of 50% of fixed remuneration and a maximum STI opportunity of 100% of fixed remuneration. Target STI is awarded for achieving key metrics relating to the Fund's performance and individual performance, set prior to the beginning of each year. Participants have the opportunity to earn up to two times target for achieving stretch performance (i.e., significant out-performance against performance measures).
How is performance measured?	The payment of any incentive to an executive is always at the discretion of the Board. The Fund's performance component focuses on the overall performance of the Fund as an organisation. It is linked to the following key metrics: strong investment performance, member retention, Fund inflows, employee turnover and cost management. The Fund's individual component involves planning mutually agreed-upon targets for the forthcoming year, monitoring performance, and providing feedback throughout, and conducting a year-end review to assess achievements against established objectives. Both the Fund's performance and individual performance is directly linked to achieving year-on-year outcomes specific to the area of the executive's operation and control and therefore, such outcomes will vary from year to year depending on the business plan. There have been no alteration of the terms or conditions of any STI's.
When is it assessed and paid?	The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures by the Board and by the CEO for all other executives. The Board approves the final STI award based on this assessment of performance. For the CEO and CIO, 75% is paid in cash three months after the end of the performance period. For all other KMP, 100% is paid in cash three months after the end of the performance period.

# Directors' report

## Remuneration report (audited)

Deferral terms	25% of the STI cash payment is deferred for the CEO and CIO for a further year. This deferred component is forfeited to the extent that the executive resigns before the end of that period.
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### Long-term incentives (LTI)

Under the LTI for the year ended 30 June 2024, an annual grant of a cash-based incentive and performance rights were made to the CEO to align remuneration with investment performance over the long-term and ensuring the CEO prudently manages the risks they are responsible for.

Reg 2M.3.04(1)  
Item 11(b)-(d)

Reg 2M.3.04(1)  
Item 14(b)(i)-(vi)

### General commentary

While it is not common for RSEs to provide LTIs' in the form of options or performance rights, as part of their incentive structures, we have provided the required disclosures where such awards are in place. This may be relevant for example, for retail superannuation funds.

### Cash-based LTI

How is it paid?	The CEO is eligible to receive a cash incentive based upon the satisfaction of LTI criteria.						
How much can executives earn?	The CEO has a target LTI opportunity in cash of 50% of fixed remuneration and a maximum cash LTI opportunity of 100% of fixed remuneration.						
How is performance measured?	<p>The cash LTI award is determined based on the individual's performance, as well as the Fund's performance.</p> <p>Performance requirements are designed to align executive compensation with the long-term interests of our members and stakeholders. The LTI program incorporates a balanced scorecard approach, evaluating the CEO's individual and Fund performance against key strategic objectives and performance metrics over a multi-year period. These metrics include but are not limited to Fund growth, investment performance, member retention and satisfaction, regulatory compliance, and leadership effectiveness. Fund performance metrics encompasses investment performance and administration costs. The investment performance metric is based on the Fund's ability to achieve competitive investment returns relative to set benchmarks and the APRA annual performance test. The administration cost metric assesses the Fund's efficiency in managing operating expenses and investment costs.</p> <p>The assessment of individual and Fund performance is conducted through a rigorous review process, which considers both quantitative and qualitative factors. By linking LTI payouts to performance in this manner, we aim to incentivise our CEO to drive sustainable growth, enhance member outcomes, and uphold the highest standards of governance and stewardship in managing our superannuation Fund</p> <p>The Board sets performance targets over the three financial years (e.g., 1 July 2023 to 30 June 2026 for the FY24 grant) at the start of the period.</p> <p>A summary of weightings is provided below:</p> <table> <tr> <th>Performance type</th><th>Weighting</th></tr> <tr> <td>Individual performance</td><td>40%</td></tr> <tr> <td>Fund performance</td><td>60%</td></tr> </table>	Performance type	Weighting	Individual performance	40%	Fund performance	60%
Performance type	Weighting						
Individual performance	40%						
Fund performance	60%						
When is performance measured?	<p>The performance measures are tested at the end of the three-year performance period to determine the value of the cash LTI that will be paid.</p> <p>There has been no alteration of the terms or conditions of any LTIs.</p>						
What happens if an executive leaves?	<p>If the CEO resigns or is terminated for cause, any unvested LTI awards are forfeited, unless otherwise determined by the Board.</p> <p>If the CEO ceases employment during the performance period by reason of redundancy, ill health, death, or other circumstances approved by the Board, the CEO will be entitled to retain a pro-rated LTI based on service to the date of ceasing employment (subject to Board discretion). Unvested LTI will continue to be subject to the performance vesting conditions.</p> <p>The treatment of vested and unexercised awards will be determined by the Board with reference to the circumstances of cessation.</p>						

# Directors' report

## Remuneration report (audited)

In addition to cash LTI, the CEO was awarded performance rights which provide entitlement to shares in the ultimate parent entity of the Trustee, being Quality Holdings Group Limited. Performance rights awarded to the CEO during the year ended 30 June 2024, have the same individual and Fund performance conditions as the cash LTI disclosed above except for the following:

How is it paid?	The CEO is eligible to receive performance rights, being a right to an ordinary share in the ultimate parent entity of the Trustee, Quality Holdings Group Limited, with zero exercise price. The rights automatically convert to shares upon vesting.											
How much can executives earn?	The CEO has a target LTI opportunity of 50% of fixed remuneration.  The number of performance rights granted is determined using the 5 day weighted average share price at the beginning of the performance period.											
How is performance measured?	<div>The proportion of performance rights that may vest based on individual and performance requirements across the performance period is determined based on the following vesting schedule:</div> <table><tr><th>Individual and Fund performance</th><th>Percentage vesting</th></tr><tr><td>Below minimum of target range</td><td>0%</td></tr><tr><td>At minimum of target range</td><td>50%</td></tr><tr><td>Within target range</td><td>Straight-line vesting between 50 -100%</td></tr><tr><td>At maximum of target range and above</td><td>100%</td></tr></table>		Individual and Fund performance	Percentage vesting	Below minimum of target range	0%	At minimum of target range	50%	Within target range	Straight-line vesting between 50 -100%	At maximum of target range and above	100%
Individual and Fund performance	Percentage vesting											
Below minimum of target range	0%											
At minimum of target range	50%											
Within target range	Straight-line vesting between 50 -100%											
At maximum of target range and above	100%											
What happens if there is a change of control?	In the event of a change of control, the performance period end date will be brought forward to the date of the change of control and awards will vest based on performance over this shortened period (subject to Board discretion).											

# Directors' report

## Remuneration report (audited)

### 3. Performance and executive remuneration outcomes

#### 3A. Performance against STI measures

The following table outlines the proportion of maximum STI earned for the year ended 30 June 2024:

Reg 2M.3.04(1)  
Item 11

Executive KMP	Maximum STI opportunity (% of fixed remuneration)	% of maximum earned
T. Hannah	100%	43%
D.J. Estreux	100%	42%
S. Moran	100%	54%
M.X. Vo	100%	0%
A.M. John	100%	44%

The proportion of STI forfeited is derived by subtracting the actual % of maximum received from the maximum STI opportunity.

#### 3B. Performance against LTI measures

As this is the first year that LTI awards have been provided to the CEO, the performance against LTI measures will only be undertaken at the end of the 2026 financial year.

### 4. Remuneration agreements

#### 4A. Executive employment agreements

Remuneration arrangements for executives are formalised in employment agreements. The following outlines the details of contracts that were negotiated during the year between the Quality Holdings Super Pty Limited and relevant executives:

Reg 2M.3.04(1)  
Item 12

##### COO

The new COO, Mr A.M. John is employed under a three year contract which can be terminated with notice by the Board of Quality Holdings Super Pty Limited and the CEO.

Under the terms of the present contract:

- ▶ The COO receives fixed remuneration of \$350,000 per annum.
- ▶ The COO's target STI opportunity is 50% of fixed remuneration and maximum STI opportunity is 100% of fixed remuneration.

In addition, Mr A.M. John received a sign-on payment of \$50,000 in cash on commencement of employment in lieu of foregone benefits and incentives in his previous employment.

Reg 2M.3.04(1)  
Item 9

All other executives are employed on individual open ended employment contracts that set out the terms of their employment.

The Board has reviewed market data of comparable companies in respect of the fixed remuneration of its executives and determined that a 2% increase in fixed remuneration will be applied for the year ended 30 June 2025.

#### 4B: Termination payments

Reg 2M.3.04(1)  
Item 8

The following arrangement applied to outgoing executives in office during the financial year ended 30 June 2024:

M.X. Vo resigned as COO on 31 July 2023 and received a \$48,000 termination payment on resignation. Ms Vo was not eligible for an STI payment for the financial year ended 30 June 2024.

# Directors' report

## Remuneration report (audited)

### 5. Statutory remuneration

#### 5A. Executive KMP remuneration for the year ended 30 June 2024

Executive	Year	Short-term benefits				Post-employment	Long-term benefits	Share-based payments	Termination payments	Total remuneration <sup>1</sup>
		Salary & fees	Cash bonus <sup>2</sup>	Non-monetary <sup>3</sup>	Other	Superannuation	Cash bonus <sup>4</sup>	Performance rights <sup>5</sup>		
		\$	\$	\$	\$	\$	\$	\$		\$
T. Hannah	2024	441,000	158,025	16,000	850	49,000	150,829	22,500	-	838,204
D.J. Estreux	2024	408,000	190,386	6,050	-	45,300	-	-	-	649,736
S. Moran	2024	225,000	101,250	6,000	-	25,000	30,626	-	-	387,876
M.X. Vo <sup>6</sup>	2024	80,000	-	-	-	9,000	-	-	48,000	137,000
A.M. John <sup>7</sup>	2024	285,000	189,348	10,000	1,600	31,700	-	-	-	517,648
<b>Total executive KMP</b>	<b>2024</b>	<b>1,439,000</b>	<b>639,009</b>	<b>38,050</b>	<b>2,450</b>	<b>160,000</b>	<b>181,455</b>	<b>22,500</b>	<b>48,000</b>	<b>2,530,464</b>

CA 300(CX1)(a)

Reg 2M.3.04(1)  
Items 5-10  
Reg 2M.3.04(2)  
Reg 2M.3.04(3)

### General commentary

Unlike listed companies, RSEs are not required to provide comparative information.

For share-based payments, disclosures must be shown separately for the following as required by Reg 2M.3.04(1) item 10:

- a. Equity - settled share-based payment transactions, showing separately:
  - i. Shares and units
  - ii. Options and rights
- b. Cash - settled share-based payment transactions
- c. All other forms of share-based payment compensation (including hybrids)

<sup>1</sup> Total remuneration is not a required disclosure, however, is considered good practice.

<sup>2</sup> Cash bonus includes sign-on cash awards paid during the period.

<sup>3</sup> Non-monetary benefits include motor vehicle, travel, and mobile phone allowances, including any fringe benefits tax (FBT)

<sup>4</sup> Includes the component of STI which is deferred in cash as well as the Cash LTI for the CEO.

<sup>5</sup> The issuing entity for the shares subject to the performance rights is Quality Holdings Group Limited.

<sup>6</sup> M.X. Vo ceased employment on 30 May 2024 and received a termination cash payment of \$48,000 on resignation.

<sup>7</sup> A.M. John was appointed as COO on 1 August 2023. He received a sign-on cash award of \$50,000.



# Directors' report

## Remuneration report (audited)

### 5B. Director remuneration for the year ended 30 June 2024

	Financial year	Short-term benefits	Post-employment	Total
		Board and committee fees	Superannuation	
		\$	\$	
V. Sheen	2024	279,000	30,690	309,690
J. Citizen <sup>1</sup>	2024	111,375	12,251	123,626
M. Krupp <sup>3</sup>	2024	139,500	15,345	154,845
M. Simson	2024	121,500	13,365	134,865
C. Mohot <sup>2</sup>	2024	70,875	7,796	78,671
T. Papas	2024	121,500	13,365	134,865
<b>Total</b>	<b>2024</b>	<b>843,750</b>	<b>92,813</b>	<b>936,563</b>

CA 300(CX1Xa)  
Reg 2M.3.04(1)  
Items 5-10  
Item 16

1. J. Citizen commenced his term as a director effective 1 August 2023
2. C. Mohot ceased to be a director on 31 July 2023
3. The board fees attributable to the services of M. Krupp were paid to the organisation Everest Financial Solutions instead of directly to M. Krupp

### 6. Rights awarded and held by KMP

#### 6A. Performance rights awarded, vested, and lapsed during the year

Performance rights do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met.

	Financial year	Granted during the year No.	Grant date	Fair value per PR at grant date^ (\$)	Vesting date	Exercise price	Expiry date	No. vested during year	No. lapsed during year	Value of PRs granted during the year^	Value of PRs exercised during the year#
T. Hannah*	2024	50,000	1 July 2023	\$1.35	30 June 2026	Nil	30 June 2026	-	-	67,500	-

Reg 2M.3.04(1)  
Item 11(a),(e),(f)  
Reg 2M.3.04(1)  
Item 14(a),(b)  
Reg 2M.3.04(3)

\* As approved by the Board.

^ Determined at the time of grant per AASB 2.

# Determined at the time of exercise at the share price at that date.

### General commentary

If the RSE licensee modified or altered the terms of share-based payment transactions, including options or rights, provided as compensation to a KMP during the most recently completed financial year, specific disclosures required by item 13 of Reg 2M.3.04(1) must be provided.

### 6C. Shares issued on exercise of performance rights

Reg 2M.3.04(1)  
Item 15

#### General commentary

To the extent that shares were issued by the RSE licensee or a related body corporate as a result of the exercise, during the financial year, of options and rights that were granted as compensation to a KMP, disclosure is required of the following:

- The number of equity instruments issued
- If the number of options or rights exercised differs from the number of equity instruments disclosed under paragraph (a), how many options or rights were exercised
- The amounts paid for each instrument
- The amount payable under each instrument that is yet to be paid

## End of Remuneration report

# Directors' report

Signed in accordance with a resolution of the directors of Quality Holdings Super Pty Ltd.

*V. Sheen*

V. Sheen  
Director

20 September 2024

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