



Australian  
Shareholders'  
Association

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**ASA SUBMISSION – APRA RESPONSE PAPER CPS 511 – STRENGTHENING PRUDENTIAL REQUIREMENTS  
FOR REMUNERATION**

Dear Madam/Sir

Further to Australian Shareholders' Association (ASA) meeting with APRA to discuss APRA's response to consultation on CPS 511 and our submission to that consultation process, ASA makes the points below:

**Non-financial measures definition**

While ASA understands APRA's intention is to avoid prescription of measures, the absence of a definition for "non-financial measures" or guidance as to how a material weight can be applied to these measures is likely to lead to initial proposals that do not meet the expectations of APRA or shareholders.

For the purposes of this standard, we propose "non-financial measures" should be restated as "non-financial risk measures" throughout. Further, a definition of "non-financial risk measure" should be included.

Non-financial risk measures in the context of CPS 511 are measures of the extent to which an executive has adhered to the expected behaviours and conduct required to execute their role and indicators which monitor outcomes of the financial institution's operation.

We support APRA's plans to develop a framework to help entities to determine appropriate measures in a new CPG 511.

ASA supports the application of a risk and conduct modifier to adjust remuneration outcomes for adverse outcomes, and the establishment of a formalised process and structure to ensure consistent application which will support the creation and maintenance of the desired behaviours and culture.

If you have any questions about these comments, please do not hesitate to contact me, or [REDACTED], Policy & Advocacy Manager on [REDACTED].

Yours sincerely

[REDACTED]

[REDACTED]  
Chief Executive Officer  
Australian Shareholders' Association