



Impact Report 2024

This is the first **Impact Report** for the
Compensation Scheme of Last Resort

COMPENSATION
SCHEME OF
LAST RESORT



Acknowledgement

The Compensation Scheme of Last Resort acknowledge the Traditional Owners of the lands and waterways on which we work and live and pays respect to their Elders past and present.

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About this report

This is the first Impact Report for the Compensation Scheme of Last Resort (CSLR). It covers the first three months of our operation being the period between 2 April and 30 June 2024. The report fulfills the reporting obligations under section 1069G of the Corporations Act 2001 (Cth) and regulation 7.10B.55 of the Corporations Regulations 2001 (Cth). Additionally, it provides key metrics and observations from the first three months of operation and a comprehensive Financial Report of the initial months of the CSLR's operations.



Chair message

Jo-Anne Bloch

As the inaugural Chair of the Compensation Scheme of Last Resort I am pleased to present our first Impact Report.

This report marks a significant milestone in our mission to strengthen consumer trust and confidence in Australia's financial system.

Our core purpose is to provide compensation to victims of financial misconduct after all other avenues have been exhausted. Over the past three months we have made substantial progress establishing the foundation of the scheme,

processing initial claims and engaging with stakeholders to ensure transparency and accountability.

This report highlights our early achievements, and sets the groundwork for continued progress in the months ahead. We look forward to building on this momentum as we work to fulfill our mandate.

Jo-Anne Bloch
Chair



CEO message

David Berry

In the first three months, the Compensation Scheme of Last Resort focused on establishing infrastructure and stakeholder engagement.

It has been a busy period establishing the CSLR. Priorities during this first three months included:

- Establishing infrastructure that ensures compliance with the legislation
- Working with key stakeholders to increase awareness of the scheme and the legislation that governs it
- Working through the balance of sharing the case studies of victims at the same time as creating confidence in the financial system the scheme supports

Significant effort has been spent in engaging with various stakeholders to ensure all are aware of the scheme's role, and that it has been implemented as legislated. Whilst the legislation outlines the role, responsibility and powers of the scheme, the focus over this initial period has been to be as transparent as possible, seeking feedback from industry but also assisting industry in understanding the scheme, its powers and its limitations.

It has been rewarding to hear the significant impact on the lives of the first nine eligible claimants. Victims of financial misconduct have expressed gratitude for the scheme seeing it as a protective mechanism and a positive step towards regaining trust in professions that had been questioned due to the actions of a few. From our review of claims received to date, issues with personal financial advice represent the largest proportion of claims. As a scheme of last resort we are seeing the more extreme cases of financial misconduct. Examples involve misleading and misrepresenting features of funds or products, unauthorised transactions, and recommending high-risk strategies without accurately assessing a consumer's existing circumstances.

David Berry
CEO

Why the scheme exists

The Compensation Scheme of Last Resort safeguards individuals from financial institution harm.

History

Parliament passed legislation with bipartisan support in June 2023 to establish the CSLR.

This legislation was a response to key recommendations of the 2017 Ramsay review which marked a significant stride towards fairness and justice within the Australian Financial Services industry, notably by recognising the critical necessity of a robust dispute resolution system to uphold consumer trust and confidence.

Professor Ramsay proposed the establishment of a unified external dispute resolution body for financial services and superannuation grievances. Consequently, the Australian Financial Complaints Authority (AFCA) was founded in 2018.

Additionally, Professor Ramsay recommended the implementation of a compensation scheme of last resort, which

was further supported by the Hayne Royal Commission into Misconduct in the Banking, Superannuation, and Financial Services Industry in its 2019 final report.

These recommendations were, and continue to be, especially important given the financial system's pivotal role in enhancing the quality of life for Australians and serving as a cornerstone for sustainable economic growth.

Yet, despite the uptake, AFCA could still not guarantee that successful claimants would receive compensation in cases where the financial licensee became insolvent. In these cases, claimants had exhausted most options available to recoup lost money, even though the complaint had been found in their favour.

To help address this gap, the CSLR was created.



About

The CSLR is an industry-funded scheme offering protection to individuals harmed by the actions of financial institutions. It ensures that eligible individuals, following a determination awarding compensation from AFCA, receive compensation of up to \$150,000.

The CSLR's primary objective is to provide redress to claimants who have secured a favourable determination from AFCA yet have not received compensation from the financial licensee generally due to insolvency.

The CSLR is managed independently and operates under legislation. It is a vital part of Australia's financial ecosystem, stepping in to provide relief to victims of financial misconduct, who may otherwise struggle to obtain compensation. Its existence supports confidence in the financial services sector.

To be eligible for compensation, the matter must be in relation to financial misconduct, in one or more of the financial products and services covered by CSLR:



Advice on money matters like investments



Buying and selling stocks or bonds



Borrowing money directly from a financial company



Getting help to borrow money, like from a mortgage broker

First three months

139
claims
received

9
claims
paid

2
ineligible
claims

\$750,293
compensation
paid





Claimant story

“The CSLR payment is a beacon of hope, allowing us to address our debts and regain some stability.”

Tony and Stephanie* were taken advantage of by a mortgage broker, who they soon realised had made false promises and was profiting at their expense. With children to consider - Tony and Stephanie are experiencing financial hardship, to the point where they are barely able to afford groceries and living expenses.

The CSLR payment has shined a beacon of hope for what was an extremely distressing situation for the family.

“We were misled by a mortgage broker who we trusted as a friend. Believing he was helping us, we soon realised he was profiting at our expense.

Lacking industry knowledge, we were vulnerable to his deceit and conflict of interest. He got us a mortgage loan by falsifying projected income to secure a loan we couldn't afford. The stress was unbearable, with many sleepless nights. Because of this, we are experiencing financial hardship, are in debt and with barely enough money for groceries and living day-to-day.

We have children whom we love deeply and want to shield from our anguish. The CSLR payment is a beacon of hope, allowing us to address our debts and regain some stability. Without CSLR, we risk losing our home. We are incredibly grateful for this support and the chance to rebuild our lives.”

*Name changed for privacy

Claims summary

The CSLR receives funds based on levy estimates generated for a specific levy period.

These funds are reserved for claims anticipated to be lodged within that period. However, the actual lodging of claims depends on the efficiency of complaint processing and a claimant's decision to seek compensation. CSLR anticipates

it will take some time for all anticipated complaints (particularly Pre-CSLR complaints) to be processed for claims to be lodged with CSLR. Any surplus funds from the first levy period will be absorbed into the second levy period.

Pre-CSLR levy – estimate \$241M

| | Estimated claims* | Claims received | Claims paid | Ineligible claims* | Compensation paid |
|---|-------------------|-----------------|-------------|----------------------|-------------------|
| Personal financial advice – Dixon Advisory | 1,556 | 16 | 0 | 0 | 0 |
| Personal financial advice – other licensees | 284 | 64 | 7 | 1 | \$546,243 |
| Credit provision | 12 | 3 | 0 | 0 | 0 |
| Credit intermediation | 25 | 3 | 2 | 0 | \$204,050 |
| Securities dealing | 36 | 12 | 0 | 0 | 0 |
| TOTAL | 1914 | 108 | 9 | 2[#] | \$750,293 |

* 1 ineligible claim was from an out of scope subsector and is not captured in the subsector lines. Further details on eligible claims is provided in the explanatory note on Page 21.

First levy period - estimate \$4.8M

| | Estimated claims* | Claims received | Claims paid | Ineligible claims | Compensation paid |
|---|-------------------|-----------------|-------------|-------------------|-------------------|
| Personal financial advice – Dixon Advisory | 5 | 0 | 0 | 0 | 0 |
| Personal financial advice – other licensees | 15 | 5 | 0 | 0 | 0 |
| Credit provision | 15 | 2 | 0 | 0 | 0 |
| Credit intermediation | 7 | 0 | 0 | 0 | 0 |
| Securities dealing | 12 | 4 | 0 | 0 | 0 |
| TOTAL | 54 | 11 | 0 | 0 | \$0 |

*Claim numbers and costs shown are estimates only, based on independent actuarial reports published on the CSLR website on 18 March 2024

Note: There have been 20 claims received where it is too early to identify the subsector and/or levy period, and are currently under investigation.



| Claimant | story

“The financial firm’s liquidation devastated us, but the CSLR has restored our hope and stability.”

Lachlan* and his partner sought advice from a financial advisor which resulted in the loss of their entire life savings. Through poor financial advice and severe misconduct, the couple suffered severely both financially and emotionally.

Whilst still heartbroken, the pair have expressed immense gratitude for the CSLR, as the scheme has now given them some hope and financial stability back into their lives.

"We lost our life savings as a result of very poor financial advice and misconduct. We relied on the financial advisor to provide sound investment strategies but in the end the strategies they recommended turned out to be a conflict of interest, feathering their own nests!

The loss had a significant and detrimental impact on my partner and I because it was virtually our whole life's savings wiped out! It also caused a rift in our relationship with ongoing stress and anxiety. It was and continues to be a very dark period in our lives.

It means a tremendous thing to us to receive compensation from CSLR. While it's not as much as our original losses we are still very grateful that we're able to receive this money. We were heartbroken when we were informed that the financial firm went into liquidation and thought we've lost everything, but the CSLR has now given us some hope and financial stability back into our lives."

“

CSLR has now given us some hope and financial stability back into our lives.

”

CSLR levy framework

For each levy period the levy amount is based on the actuarial estimates of the number of claims expected to be paid during that period.* Pre-CSLR claims will be concurrently processed however are funded by the pre-CSLR levy.

| CSLR levy framework table | | | |
|---|--|------------------------------|--|
| | Pre-CSLR levy | 1st levy period | 2nd levy period |
| Levy estimate | \$240.9M | \$4.8M | \$24.1M |
| Estimate of claims including Dixon Advisory and Superannuation Services (DASS)* | Approx. 1,914 (1,556 DASS) | Approx. 11 (1 DASS) | Approx. 129 (86 DASS) |
| Date levy funds received | \$233M of \$241M was received July and August 2024 | March 2024 | Due October/November 2024 |
| AFCA complaint lodgment period | 1 November 2018 to 7 September 2022 | On or after 8 September 2022 | On or after 8 September 2022 |
| CSLR claim payment period | 2 April 2024 onwards | 2 April 2024 to 30 June 2024 | 1 July 2024 to 30 June 2025 |
| Funded by | Top 10 Financial firms** | Government | 4 industry subsectors: credit intermediaries, credit providers, securities dealers and personal financial advice |

* Claim numbers and costs shown are estimates only, based on independent actuarial reports published on the CSLR website on 18 March 2024.

** The ten largest banking and general/life insurance groups by income from financial year 2021-2022 as reported by the Australian Taxation Office (ATO)

| Sub-sector costs | | | |
|---------------------------|-----------------|-----------------|-----------------|
| | Pre-CSLR levy | 1st levy period | 2nd levy period |
| Personal financial advice | \$233.6M | \$2.4M | \$18.5M |
| Credit intermediaries | \$2.8M | \$0.8M | \$1.8M |
| Credit provision | \$0.3M | \$0.7M | \$1.5M |
| Securities dealing | \$4.2M | \$0.9M | \$2.3M |
| Total | \$240.9M | \$4.8M | \$24.1M |

* Claim numbers and costs shown are estimates only, based on independent actuarial reports published on the CSLR website on 18 March 2024.

“

The whole experience was extremely stressful for mum. She was beside herself and felt foolish for believing the financial advisor. She was just an ordinary person who had worked hard all her life as a primary school teacher. He took advantage of her kind nature and generosity.

”

Claimant

Legislative reporting

The information below responds to the matters prescribed by 7.10B.55 of the Corporations Regulation 2001 (Cth)

7.10B.55 (a)

The CSLR operator's estimate of the costs for the financial services compensation scheme of last resort for the levy period, including the following:

7.10B.55 (a)(i)

Each claims, fees and costs estimate (within the meaning of the Financial Services Compensation Scheme of Last Resort Levy (Collection) Act 2023) for the levy period.

| | Credit intermediaries | | Credit providers | | Licensed personal advice | | Securities dealers | |
|---------------------------|-----------------------|---------|------------------|---------|--------------------------|----------|--------------------|---------|
| | Estimate | Actual | Estimate | Actual | Estimate | Actual | Estimate | Actual |
| Gross claim payments | 98,071 | - | 3,841 | - | 440,179 | - | 207,268 | - |
| Recoveries & offsets | (4,904) | - | (236) | - | (17,872) | - | (10,363) | - |
| Compensation claims | 93,167 | - | 3,605 | - | 422,307 | - | 196,904 | - |
| AFCA unpaid fees | 85,659 | - | 154,517 | 74,902 | 247,747 | 57,750 | 139,433 | 36,093 |
| CSLR administration costs | 169,414 | 127,431 | 171,473 | 128,863 | 1,357,180 | 670,529 | 177,705 | 134,796 |
| Investment income | (7,013) | (8,326) | (6,544) | (7,770) | (17,502) | (20,887) | (8,145) | (9,670) |
| CSLR administrative costs | 162,401 | 119,105 | 164,928 | 121,093 | 1,339,588 | 649,642 | 169,560 | 125,126 |

7.10B.55 (a)(ii)

For the Pre-CSLR levy—the estimate under section 11 of Financial Services Compensation Scheme of Last Resort Levy (Collection) Act 2023)

| | Credit Intermediaries | | Credit Providers | | Licensed Personal Advice | | Securities Dealers | |
|----------------------|-----------------------|---------|------------------|--------|--------------------------|-----------|--------------------|---------|
| | Estimate | Actual | Estimate | Actual | Estimate | Actual | Estimate | Actual |
| Gross claim payments | 2,559,653 | 204,050 | 199,715 | - | 220,399,508 | 597,546 | 3,782,755 | - |
| Recoveries & offsets | (25,597) | - | (1,997) | - | (2,203,995) | (51,303) | (37,828) | - |
| Compensation claims | 2,534,057 | 204,050 | 197,718 | - | 218,195,513 | 546,243 | 3,744,927 | - |
| | | | | | | | | |
| AFCA unpaid fees* | 384,556 | 17,573 | 102,310 | 15,551 | 24,059,033 | 1,096,019 | 560,515 | 145,192 |
| | | | | | | | | |
| Investment income | (102,343) | - | (9,216) | - | (8,658,155) | - | (151,114) | - |

*AFCA unpaid fee actuals is the complaint fee component invoiced to 30 June 2024.

7.10B.55 (a)(iii)

For each of the first 4 levy periods—any revised estimate under section 12 of Financial Services Compensation Scheme of Last Resort Levy (Collection) Act 2023 that is made before the time of preparing the report and that has not been included in an earlier report.

A revised estimate was not required for this reporting period.

7.10B.55 (b)

The CSLR operator's approach to determining each of these estimates.

Estimates determined in accordance with the Pre-CSLR Complaints Initial Estimate and 1st & 2nd Period Initial Estimates Actuarial Report methodology [Read CSLR's Initial Estimates](#)

7.10B.55 (c)

The number of applications made under section 1066 of the Act during the levy period.

139

claims
lodged

40

financial
firms

7.10B.55 (d)

The number of payments of amounts of compensation under section 1063 of the Act during the levy period, and the total of those amounts.

9

claims
paid

\$750K

compensation
paid

Average payment value \$83,333

7.10B.55 (e)

The number of applications made under section 1066 of the Act by persons during the levy period for which the persons are not eligible under section 1064 of the Act for compensation.

ineligible claims

2



Note: One application was deemed ineligible as the relevant AFCA determination had been paid in full by the relevant financial firm. One application was deemed ineligible as it did not relate to an in-scope product or service. A further 7 applications were submitted without a relevant AFCA determination and/or notice confirming AFCA had completed taking reasonable steps requiring the amount be paid by the financial firm/relevant entity. While these applications were deemed to be ineligible at the time of lodgment, it is expected that they will subsequently become eligible in due course when AFCA issues the above-mentioned documents.

“

I applied to the CSLR the minute I could. I think the CSLR is absolutely fantastic for people like me, we were taken for a ride, I know at least another 15 couples who were also scammed. Some of them died because of old age or got heart attacks because of what happened and never saw their money back. The industry needs to have higher standards.”

Claimant

7.10B.55 (f)

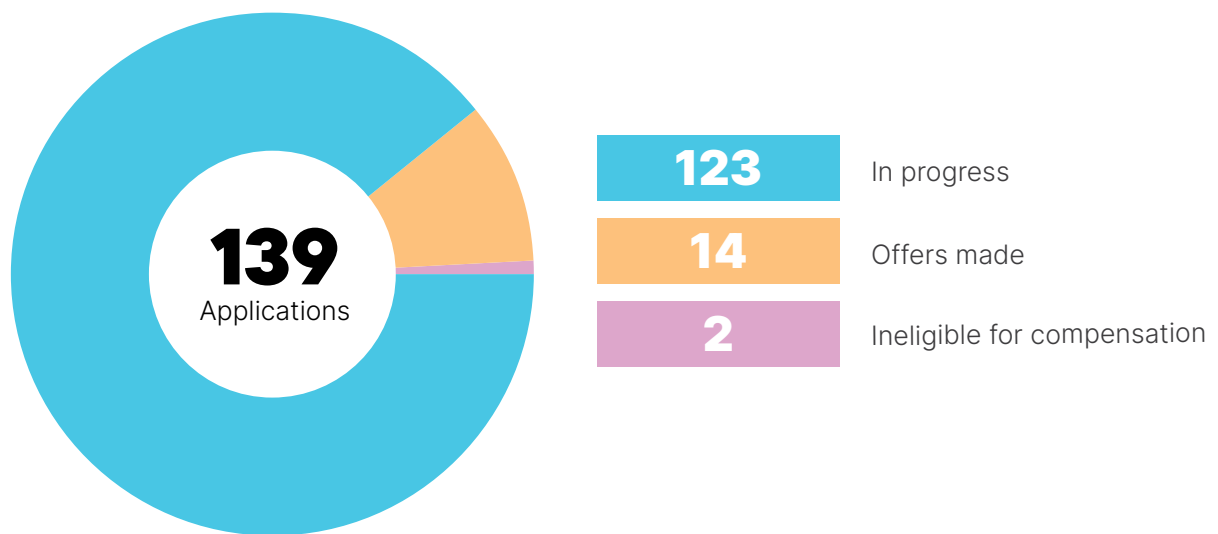
The number of applications made under section 1066 of the Act by persons during the levy period for which, at the time of preparing the report, it is too early for the persons to be notified under section 1068 of the Act of:

7.10B.55 (f)(i)

Offers of compensation.

7.10B.55 (f)(ii)

That the person is not eligible for compensation.



Note: Of the 139 applications submitted, 123 are in progress such that it is too early to for the person to be notified of either an offer of compensation or that they are not eligible for compensation.



7.10B.55 (g)

The average time taken after the CSLR operator receives an application made under section 1066 of the Act by a person during the levy period for the CSLR operator to notify the person under section 1068 of the Act.

7.10B.55 (g)(i)

Offers of compensation.

59
days
(14 offers)

7.10B.55 (g)(ii)

That the person is not eligible for compensation.

76
days
(2 claims)



7.10B.55 (h)

An analysis of the applications made under section 1066 of the Act during the levy period that includes details of:

7.10B.55 (h)(i)

The kinds of products or services covered by the relevant AFCA determinations to which the applications relate.

| | | | |
|---|---|--|-----|
| Credit | Consumer credit | Home loan | 1 |
| | | Investment Property loans | 3 |
| | | Personal loans | 3 |
| | Consumer credit; Guarantees | Consumer Guarantee; Personal loans | 1 |
| | Guarantees | Business Guarantees | 1 |
| Sub-total | | | 9 |
| | | | |
| Deposit Taking | Current Accounts | Business Transaction Accounts | 1 |
| Sub-total | | | 1 |
| | | | |
| Investments | Derivatives/hedging | Contracts for Difference | 1 |
| | | Foreign Exchange | 2 |
| | Managed Investments | Cash Management Accounts | 2 |
| | | Investor Direct Portfolio Services | 1 |
| | | Managed Discretionary Accounts | 1 |
| | | Mixed Asset Fund/s | 16 |
| | | Mortgage Schemes | 1 |
| | | Property Funds | 3 |
| | Managed Investments; Superannuation – Non Trustee Related | Mixed Asset Fund/s; Self-managed Superannuation Fund | 2 |
| | | Mixed Asset Fund/s; Superannuation Fund | 1 |
| | | Property Funds; Self-managed Superannuation Fund | 1 |
| | Real Property | Real Property | 2 |
| | Real Property; Superannuation - Non Trustee Related | Real Property; Self-managed Superannuation Fund | 3 |
| | Securities | Shares | 13 |
| | Superannuation - Non Trustee Related | Pension | 1 |
| | | Pooled Superannuation Trust | 1 |
| | | Self-managed Superannuation Fund | 58 |
| Self-managed Superannuation Fund; Superannuation Fund | | 1 | |
| Superannuation Fund | | 10 | |
| Sub-total | | | 120 |

| | | | |
|----------------|--------------------|-------------------|-----|
| Life Insurance | Income Stream Risk | Income Protection | 1 |
| Sub-total | | | 1 |
| | | | |
| Not identified | | | 8 |
| Sub-total | | | 8 |
| | | | |
| Grand Total | | | 139 |



Note: The information presented here has been taken from AFCA data records.

7.10B.55 (h)(ii)

The kinds of providers of those products or services.

| | |
|-----------------------------|------------|
| Not identified | 4 |
| Bank | 1 |
| Corporate advisor | 1 |
| Credit provider | 3 |
| Debt collector or buyer | 1 |
| Derivatives dealer | 2 |
| Financial advisor / planner | 97 |
| MIS operator / fund manager | 1 |
| Mortgage broker | 5 |
| Securities dealer | 15 |
| Not identified | 9 |
| Grand Total | 139 |

Note: The information presented here has been taken from AFCA data records.



7.10B.55 (h)(iii)

Any patterns or trends.

Advice linked to inappropriate use of Self Managed Super Funds

The majority of claims received by the CSLR have related to personal financial advice provided by financial planners, specifically in relation to self managed super funds. This accounts for over 40 per cent of the claims received to 30 June 2024.

Our initial, and limited, observations indicate when providing advice in relation to the establishment and use of self managed super funds, it was common for the financial advisor to fail to properly assess claimants' existing circumstances before recommending high-risk strategies, often involving significant gearing and concentration risks. Advisors frequently did not consider alternative investments that might have met claimants' objectives better. Additionally, advice was often not in the best interests of the claimants, particularly when advisors had conflicts of interest with the products or services recommended.

Misrepresenting securities products, features and risk

More than half of the securities claims related to one particular firm, where there was a consistent theme of misleading the claimant and/or misrepresenting features and/or the imminent listing of securities as well as guaranteeing returns or concealing risk.

Dixon Advisory and Superannuation Services

The CSLR has received only 18 of the expected 2,773 DASS claims.

We expect to be able to provide richer insights into the patterns and trends of DASS claims in coming periods. Consistent themes, albeit very early days, include financial advisors misclassifying the risk profile of investments and strategies that are not aligned to their client's risk profile.

7.10B.55 (i)

The number of notifications under subsection 1069F(3) of the Act (about a sub-sector levy cap being exceeded (or further exceeded)) during the levy period.

No notifications were required for this reporting period.

7.10B.55 (j)

For each sub-sector the total amount of levy paid that was imposed by the Financial Services Compensation Scheme of Last Resort Levy Act 2023 across all persons for the levy period and the subsector.

| | Pre-CSLR levy | | 1st levy period | |
|--------------------------|---------------|-------------|-----------------|-----------|
| | Imposed | Paid | Imposed | Paid |
| Licensed personal advice | 233,596,391 | 225,519,304 | 2,426,309 | 2,426,309 |
| Credit providers | 290,812 | 280,756 | 739,717 | 739,717 |
| Credit intermediaries | 2,816,270 | 2,718,891 | 757,894 | 757,894 |
| Securities dealers | 4,154,327 | 4,010,683 | 922,564 | 922,564 |

7.10B.55 (k)

The number of determinations made under section 1069H of the Act for the levy period that:

7.10B.55 (k)(i)

Under subsection 1069H(4) of the Act, specify that levy needs to be imposed by subsection 8(3) of the Financial Services Compensation Scheme of Last Resort Levy Act 2023 (about special levy for just the primary subsector).

No special levy has been required in this reporting period.

7.10B.55 (k)(ii)

Under subsection 1069H(5) of the Act, specify that levy needs to be imposed by section 9 of that Act (about special levy to be spread across several subsectors).

No special levy has been required in this reporting period.

7.10B.55 (l)

For each determination referred to in (k):

7.10B.55 (l)(i)

Details of the determination.

No special levy has been required in this reporting period.

7.10B.55 (l)(ii)

Details about the levy paid as a result of the determination.

No special levy has been required in this reporting period.



Financial summary

Statement of profit and loss and other comprehensive income for the period ended 30 June 2024.

Download CSLR's Financial Report [here](#).

| | From 05.07.2023 to 30.06.2024 \$'000 |
|--|--|
| Levy income | 3,758 |
| Other income | 804 |
| Compensation claims expense | (1,300) |
| AFCA complaint fees and charges | (1,443) |
| Employee benefits expense | (513) |
| Administrative expenses | (665) |
| Amortisation and Depreciation | (32) |
| Other expenses | (41) |
| Surplus before tax | 568 |
| Income tax expense | - |
| Surplus for the period | 568 |
| Other comprehensive income, net of tax | - |
| Total comprehensive income for the period | 568 |

Statement of financial position as at 30 June 2024

| | 30 June 2024 \$'000 |
|--------------------------------------|------------------------|
| Assets | |
| Current assets | |
| Cash and cash equivalents | 3,528 |
| Trade and other receivables | 241,067 |
| Total current assets | 244,595 |
| Non-current assets | |
| Property, plant and equipment | 52 |
| Intangible assets | 516 |
| Total non-current assets | 568 |
| Total assets | 245,163 |
| Liabilities | |
| Current liabilities | |
| Trade and other payables | 2,014 |
| Deferred income - levies | 240,280 |
| Employee benefit liabilities | 23 |
| Provision for claims | 549 |
| Other current liabilities | 56 |
| Total current liabilities | 242,922 |
| Non current liabilities | |
| Employee benefit liabilities | 6 |
| Total non-current liabilities | 6 |
| Total liabilities | 242,928 |
| Net assets | 2,235 |
| Equity | |
| Capital Reserves | 1,667 |
| Accumulated surplus | 567 |
| Total equity | 2,235 |

Corporate governance

The ASX Corporate Governance Principles and Recommendations, 4th edition, sets the benchmark for a high standard of corporate governance in Australia. Although CSLR is not listed on the ASX, we follow the principles to the extent they apply to us. This section explains how we apply the ASX principles and recommendations.

Principle 1

Lay solid foundations for management and oversight:

The CSLR has adopted a Charter that governs its operations and outlines the responsibilities of the Board and senior management.

The role of the Board includes having responsibility to:

- Oversee the competent and prudent operation and management of the CSLR in accordance with the Constitution;
- Ensure compliance with any relevant legislative requirements, conditions and directions applicable to the CSLR;
- Take reasonable steps to preserve its independence; and
- Take reasonable steps to ensure the transparency of the company and the operations of the CSLR for all stakeholders.

The Board does not involve itself in the detail of claims.

The Board is responsible for the appointment of the CEO, the Company Secretary, and the Scheme Actuary of CSLR.

Principle 2

Structure the board to be effective and add value:

As required by the Corporations Act and the constitution of CSLR, the Board of CSLR comprises:

- An independent chair appointed by the Australian Government;
- A person who is a director of AFCA; and
- A person who is a Fellow of the Institute of Actuaries Australia and has at least five years' experience in actuarial analysis.

The Board appoints an independent Chief Executive Officer who manages the CSLR scheme on a day-to-day basis.

The names of the Directors of CSLR at the end of the period are:

Ms Jo-Anne Bloch – Independent Board Chair

Jo-Anne Bloch commenced as a Non-Executive Director on 1 February 2024.

Jo-Anne has 35 years' experience in a combination of executive and non-executive roles in commercial enterprise and industry associations spanning across the UK and Europe, the US and Australia. Jo-Anne has extensive experience across the financial services industry, including superannuation and financial advice.

Jo-Anne has notably held various directorships including the Chair of Zurich Assure and Director of the Association of Superannuation Funds Australia and was previously the CEO and Director of the Financial Planning Association of Australia.

Jo-Anne is currently the Non-Executive Director of Colonial First State Investments and Avanteos Investments Limited.

Ms Delia Rickard

Delia Rickard commenced as a Non-Executive Director on 1 January 2024.

Delia has over thirty years' experience working on behalf of consumers. Delia was Deputy Chair of the Australian Competition and Consumer Commission (ACCC) from 2012 to 2023. Previously, Delia held senior roles at the Australian Securities and Investments Commission (ASIC).

Delia is currently a director of the Australian Financial Complaints Authority (AFCA), a director of Financial Counselling Australia (FCA), a trustee of the Jan Pentland Foundation, a director of Super Consumers Australia, a director of The Australian Communications Consumer Action Network, a director of ID CARE, and chairs AHPRA's Cosmetic Surgery Oversight Group.

In 2011, Delia was awarded the Public Service Medal for her contribution to consumer protection and financial services.

Delia holds a Bachelor of Arts/Law from the University of NSW.

Mr Kevin O’Sullivan

Kevin O’Sullivan commenced as a Non-Executive Director on 10 January 2024.

Kevin has over 40 years’ experience in the financial services industry in Australia and Canada, most recently as CEO of UniSuper. His leadership was recognised when he was named the Fund Executive Association’s Fund Executive of the Year in 2020.

Previously, Kevin was Director, Actuarial and Benefits Consulting, with the Russell Investment Group for over two decades. This role involved advising some of Australia’s largest organisations.

Kevin is Chairman of Playfair Asset Management, a member of Deakin University’s Investment Committee and also contributes to various advisory boards, including those of Allianz Retire+ and the Conexus Institute. He is a Fellow of the Actuaries Institute in Australia and the Society of Actuaries in the United States.

Kevin holds a Bachelor of Commerce degree from the University of Toronto and is a Fellow of the Actuaries Institute in Australia and the Society of Actuaries in the USA.

The following table sets out the meetings and attendances for the current CSLR Board.

| | Eligible to Attend | Attended | Chaired |
|-----------------------|--------------------|----------|---------|
| Jo-Anne Bloch (Chair) | 5 | 5 | 5 |
| Kevin O’Sullivan | 5 | 5 | - |
| Delia Rickard | 6 | 6 | 1 |

In view of the small size of the CSLR Board, the Board has resolved that it will not have a separate audit and risk committee, but that the entire Board will oversee these aspects of the Company’s operations.

Principle 3

Instil a culture of acting lawfully, ethically and responsibly:

Standards of behaviour expected of our Directors and employees are set out in:

- The Board Charter
- Our Code of Conduct

Principle 4

Safeguard the integrity of corporate reports:

The organisations annual financial report is independently audited and reported publicly.

Principle 5

Make timely and balanced disclosure:

This principle applies to companies that are subject to the ASX Listing Rule disclosure requirements and, has no direct relevance to the CSLR.

However, we are committed to open and transparent communication with our stakeholders.

Principle 6

Respect the rights of security holders:

As a public company limited by guarantee, we do not have shareholders. However, we are committed to respecting the rights of our stakeholders, particularly the financial firms that contribute in supporting the scheme as well as consumers who use our service.

Principle 7

Recognise and manage risk:

The CSLR Board is responsible for overseeing risk management at CSLR with day-to-day responsibility delegated to the CEO.

Risk management is integrated into all CSLR planning, business and implementation activities.

CSLR's risk policy and risk management framework is reinforced with a positive risk culture that encourages considered and proactive risk management.

CSLR has implemented a 'three lines of defence' governance model for the purposes of identifying, managing and monitoring risk, under independent oversight by the Board. This model comprises CSLR functional units (1st Line), the CSLR leadership team (2nd Line) and independent assurance provided by external auditors (3rd Line).

This includes ensuring, at least annually, that there is a process in place for regular reviews of key risk policies and procedures as well as satisfying itself that CSLR has a sound system of risk management and internal controls in place to manage risk effectively.

Principle 8

Remunerate fairly and responsibly:

The CSLR Board oversees remuneration of the Directors and CEO. The CEO has delegated authority to determine remuneration for CSLR staff.

No employee of CSLR receives incentive payments including annual bonuses. The remaining aspects of this principle are applicable to companies subject to the ASX Listing Rules and, as such, have no relevance to CSLR.

The amount of remuneration of the Directors for their services is determined by an annual review using external benchmarks.

“

The CSLR team was incredibly helpful, keeping me informed every step of the way. The compensation was like a massive weight being taken off our shoulders. It changed our lives. Without it, we would have had to sell our house. Now, we can pay a substantial portion of our mortgage, significantly reducing our payments.”

Claimant

