Financial Accountability Regime Policy

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Approved by	Board of Directors
Recommending Committee	Nomination and Remuneration
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Review frequency	Three years
Related policies/ procedures	• Board Governance Policy • Board Renewal Policy • Fit and Proper Policy • Remuneration Policy • Delegations Policy and Matrix • Risk Management Strategy • Risk Appetite Statement • Risk Committee Terms of Reference • Audit Committee Terms of Reference • Nomination and Remuneration Committee Terms of Reference • Constitution • Whistleblower Policy • Peoplecare Control Management Procedure • Peoplecare Remuneration Framework and Policy • Peoplecare Code of Conduct • Peoplecare Accountable Person Induction Procedure • Peoplecare Incident Management Procedure • Management Services Agreement with Peoplecare Health Limited and the annexed Governance Deed
Related legislation/ standards	• *Financial Accountability Regime Act 2023* • *Financial Accountability Regime (Minister) Rules 2024* • *Corporations Act 2001* • *APRA Prudential Standard HPS 520 – Fit and Proper* • *APRA Prudential Standard CPS 511 – Remuneration* • *APRA Prudential Standards CPS510 – Governance*
Policy owner	Chief Risk Officer
Policy Author	Senior Policy and Governance Advisor
Scope	Board of Directors Accountable Persons Peoplecare employees involved in the administration of this Policy

1. Purpose

This Policy establishes RBHS's framework to comply with the *Financial Accountability Regime Act 2023* (FAR).

FAR applies to all private health insurers and is intended to provide clear and strengthened expectations around accountability for Organisations as well as Directors and Senior Executives (Accountable Entities and Accountable Persons) aiming to improve the operating culture in relation to both prudential and conduct related matters.

FAR imposes four core sets of obligations:

- accountability obligations for accountable entities and accountable persons;
- key personnel obligations;
- deferred remuneration obligations; and
- notification obligations.

Clear accountability helps to protect the interests of our members through strong governance, and compliance with regulatory standards. This policy outlines how RBHS will comply with FAR obligations.

2. Definitions

Term	Definition
Accountable entity	A financial institution such as a banks, insurer, or superannuation fund that is regulated by APRA
Accountability obligations	Core obligations required of accountable entities and accountable persons
Accountable Person	A Senior Executive or Director with actual or effective responsibility for managing or controlling an accountable entity
APRA	Australian Prudential Regulation Authority
Financial Accountability Regime	Regulatory framework that holds senior leaders in financial institutions (bank, insurer or superannuation) responsible for governance, risk management, and conduct
Minister Rules	These Rules, along with others, operationalise the broader Financial Accountability Regime (FAR) by prescribing details such as positions of Accountable Person positions, enhanced notification thresholds and information required for the register
Notification obligations	Requirements to notify regulators of changes, breaches, or updates related to accountable persons or responsibilities
Prescribed responsibilities	Responsibilities prescribed under the Minister rules that, if a person holds one or more, makes that person an accountable person
Reasonable steps	Actions an accountable entity or accountable person must take to meet obligations
Regulator	APRA
Accountability Map	A visual tool that clarifies roles, responsibilities, and reporting lines detailing who is responsible for what functions, and who reports to whom

3. Roles and Responsibilities

Role	Responsibility
Board of Directors	• Ensure overall compliance with the Financial Accountability Regime. • Set the tone for accountability, culture and ethical conduct. • Approve the Financial Accountability Regime Policy. • Approve the Remuneration Policy. • Oversee input into performance and remuneration outcomes for Accountable Persons. • Ensure that only suitable individuals are registered as Accountable Persons. • Follow consequence management processes as outlined in this policy.
Nomination and Remuneration Committee (NRC)	• Review and recommend approval of the Financial Accountability Regime Policy. • Review and recommend approval of the Remuneration Policy. • Review and assess the suitability of individuals to be registered as Accountable Persons. • Assess performance and conduct of the CEO to ensure they have taken Reasonable Steps to manage their accountabilities. • Assess the conduct of Accountable Persons ensuring they have taken Reasonable Steps to manage their accountabilities. • Consider the CEO's assessment of Accountable Persons meeting their FAR obligations. • Provide input to Peoplecare's People and Culture Committee regarding the performance of RBHS Accountable Persons, to help inform performance, remuneration and consequence outcomes of those individuals.
Chair, Nomination and Remuneration Committee	• Engage with the chair of Peoplecare's People & Culture Committee at least annually to gain assurances and be satisfied that performance management and remuneration practices for people acting as Accountable Persons for RBHS meet the requirements of this Policy.
Risk Committee	• Oversee that Accountable Persons comply with risks and obligations they are responsible for managing. • Provide the Peoplecare People & Culture Committee with information, if requested, to support with the performance assessment of Accountable Persons. • Oversee remediation of FAR breaches. • Oversee the appropriateness and effectiveness of Risk Management Strategy to support FAR compliance.
Audit Committee	• Oversee audits of the Financial Accountability Regime and remediation of any audit findings.

Accountable Persons	• Understand their Accountability Obligations and ensure their Accountability Statement accurately reflects their obligations. • Take reasonable steps to demonstrate compliance with Accountability Obligations outlined in their Accountability Statement. • Ensure they understand their Accountability Obligations and keep their knowledge of these obligations relevant. • Address accountability gaps and breaches in a timely manner. Notify the Chief Executive Officer and the Chief Risk Officer immediately of any suspected or confirmed breaches of Accountability Obligations.
Chief Executive Officer (CEO)	• Recommend the appointment of Accountable People to the Nomination and Remuneration Committee. • Recommend the allocation of accountabilities across the appointed Accountable People to the Nomination and Remuneration Committee. • Assess the conduct and performance of Accountable Persons (excluding Directors) in meeting their Accountability obligations. • Provide performance evaluations to the NRC for review. • Follow the consequent management process outlined in this Policy and recommend corrective actions, including remedial action or escalation to the Nominations & Remuneration and Risk Committees as required.
Chief Risk Officer (CRO)	• Develop, implement and maintain the Financial Accountability Regime Policy. • Support the CEO and NRC to identify and appoint Accountable People. • Establish and maintain an Accountability Map for RBHS and an Accountability Statement for all Accountable Persons. • Ensure the Accountability Map and Accountability Statements include all Prescribed Responsibilities and Key Functions as defined under the FAR Act. • Ensure induction and handover is provided to all Accountable Persons (including those appointed temporarily). • Follow the consequence management processes including notification to the CEO (or directly to the NRC if it relates to CEO conduct). • Implement and maintain the Risk Management Strategy to support RBHS and Accountable Persons in managing their material risks and compliance obligations. • Validate the recommendation to appoint Accountable People and the allocation of accountabilities between each Accountable Person ensuring RBHS meets FAR obligations. • Provide assurance to the CEO and NRC that Accountable Persons have taken reasonable steps to meet their FAR obligations. • Review, assess and report FAR breaches in accordance with Peoplecare's Incident Management Procedure. • Maintain the APRA register of Accountable Persons and their allocated accountabilities. • Ensure all FAR regulatory notification obligations are met.

Peoplecare Chief People and Culture Officer (CPCO)	• Maintain the Remuneration Policy. • Support the CEO in preparing performance assessments and remuneration recommendations of Accountable Persons to the NRC • Support the CEO, CRO and PCC to identify and appoint Accountable People. • Lead the consequence management processes including notification to the CEO (or directly to the NRC if it relates to CEO conduct).

4. Accountability Obligations

The FAR defines both Accountable Entities and Accountable Persons, detailing the obligations that RBHS must adhere to as an entity, as well as the individual obligations of accountable persons.

4.1 Accountable Entity

RBHS is an accountable entity and as such must take reasonable steps to:

- Conduct its business with honesty, integrity, and due skill, care, and diligence.
- Deal with APRA and ASIC in an open, constructive, and cooperative manner.
- Prevent matters from arising that would adversely affect RBHS' prudential standing or reputation.
- Ensure the appointment and suitability of Accountable Persons
- Ensure that each Accountable Person meets their accountability obligations.
- Ensure registration of Accountable Persons is current and variations are done within the required timeframes.

4.2 Accountable Person

Accountable persons are identified based on the role they hold, rather than the individual occupying the position.

There are two ways of identifying accountable persons of accountable entities. An accountable person will:

- meet the criteria and hold a responsibility under s10(1) of the FAR Act (general responsibilities); and/or

- hold one or more of the responsibilities in relation to or positions in the accountable entity under the Minister rules.

An Accountable Person is an individual within RBHS who holds a position with actual or effective senior executive responsibility for:

- Management or control of the accountable entity.
- Management or control of a significant or substantial part or aspect of the operations.

An accountable person may hold multiple responsibilities and/or positions or hold a mixture of general responsibilities and prescribed responsibilities or positions. The allocation of responsibilities will appropriately reflect the size and nature of RBHS and accurately reflect the way these responsibilities are held.

Positions RBHS deems to be held by Accountable Persons are listed in **Appendix A.**

5. Key Personnel Obligations

5.1 Accountable Entity

An Accountable Entity must:

- ensure that the responsibilities of accountable persons collectively cover all areas of the business operations of the accountable entity;
- ensure there are clear lines of accountability;
- ensure that none of their accountable persons are prohibited from being an accountable person as per section 24 of the *Financial Accountability Regime Act 2023;* and
- comply with any directions issued by the Regulators.

Endorsement of an accountable person at a Board meeting which is documented as a resolution in the minutes is deemed as a declaration that the entity has assessed the individual and that they are suitable to be an accountable person. This also serves as an authorisation that a member of the secretariat team can complete the online registration via APRA connect and declare on the Boards behalf.

5.2 Accountable Persons

Accountable persons must conduct the responsibilities of their position as an Accountable Person:

- Act with honesty and integrity, and with due skill, care and diligence.
- Deal with the Regulators in an open, constructive and cooperative way.
- Take reasonable steps in conducting the responsibilities of their position to prevent matters from arising that would (or would be likely to) adversely affect the prudential standing or reputation of the accountable entity; and
- Take reasonable steps in conducting the responsibilities of the AP's position to prevent matters from arising that would (or would be likely to) result in a material contravention by the accountable entity of applicable legislative provisions.

RBHS will develop and maintain an Accountability Map and Accountability Statements for all Accountable People, these tools are designed to document and allocate accountabilities and responsibilities within RBHS under FAR. The Accountability Map and Accountability Statements include all Prescribed Responsibilities and Key Functions.

Accountability Maps and Statements will be reviewed in the following circumstances:

- any significant change to the organisations structure
- Directions from the regulator
- legislation changes

- Resignation of an accountable person
- Commencement of new accountable person
- Accountable person takes a period of leave greater than 90 days.

5.2.1 Appointment of Accountable Persons

An individual who is proposed to be appointed as an Accountable Person, must be prepared to meet the Accountable Persons obligations set out above.

Any individual to be appointed an Accountable Person will need to be assessed for suitability under the Fit & Proper Policy including checking for any regulator disqualifications.

All proposed appointments of Accountable Persons will be presented to the NRC for recommendation to the Board for approval. The Committee will receive confirmation that the individual/s have met the Fit and Proper process requirements. In circumstances where an Accountable Person appointment occurs unexpectedly, approval can be sought directly from the Board.

5.2.2 Registration of Accountable Persons

An application to register an accountable person must be submitted to APRA at least 21 days before the individual becomes an accountable person.

A grace period may apply in the following circumstances:
- 90 days if the individual becomes an accountable person by filling a temporary or unforeseen vacancy; or
- 30 days if the individual:
    - is appointed as a director of the accountable entity at a general meeting; or
    - becomes an accountable person of a newly licensed accountable entity.

Temporary vacancies may occur when the holder of a position is absent from duty but is expected to return.

An unforeseen vacancy refers to a situation where the position of accountable person has become vacant unexpectedly and there is an intention to fill it, but a new holder has not yet been appointed.

APRA will deem an individual registered 21 days after either the date of application or, where applicable, the date the accountable entity provides further requested information if requested.

6. Deferred Remuneration Obligations

In the event an accountable person receives variable remuneration, An accountable entity must:
- defer payment of at least 40% of an accountable person's variable remuneration for a minimum of four years;
- have in place a remuneration policy that requires a reduction in an accountable person's variable remuneration if they fail to comply with their accountability obligations;
- ensure that any required reduction of variable remuneration is not paid or transferred to the accountable person.
- The requirement to defer variable remuneration ensures that accountable persons have clear incentives to promote effective risk management when making decisions that have longer term impacts. It also ensures that accountable persons are properly held to account for decisions that have negative future consequences.

As part of the annual performance review, and in accordance with the Remuneration Policy, the CEO will assess the conduct and performance of Accountable Persons (excluding Directors) in meeting their accountability obligations ensuring that any performance evaluations and remuneration recommendations of Accountable Persons provided to the NRC for review are compliant with the deferred remuneration obligations, where applicable.

The deferred remuneration obligations under s25(1)(a) of the FAR Act do not apply to an accountable person if:

- the deferred amount for the accountable person for a particular financial year is less than $50,000; or
- the person becomes an accountable person by filling in a temporary or unforeseen vacancy and the person is not registered or required to be registered as an accountable person.

6.1 Determining the Deferral Period

If variable remuneration is applied that requires deferred remuneration obligations under s25(1)(a) of the FAR Act, entities must ensure that the at least 40% of an accountable person's variable remuneration is deferred for a minimum of 4 years.

Variable remuneration should be reduced by an amount that is proportionate to any failure to comply with the accountability obligations under the regime. The table in section 28 of the *Financial Accountability Regime Act 2023* can be used to determine the minimum deferral period.

7. Reasonable Steps to Demonstrate Compliance with FAR

RBHS (as an accountable entity) and its Accountable Persons are required to take reasonable steps on an ongoing and continuous basis to ensure they continue to meet their obligations in managing and controlling the business. The key elements of Reasonable Steps may include:

1. Appropriate Governance, Control, and Risk Management
2. Safeguards Against Inappropriate Delegation of Responsibility
3. Procedures for Identifying and Remediating Problems
4. Taking Appropriate Action to Ensure Compliance
5. Taking Appropriate Action in Response to Non-Compliance or Suspected Non-Compliance.

RBHS has established governance, risk and compliance activities in place to support Accountable People in taking reasonable steps to fulfil their obligations on an ongoing basis. The required reasonable steps as defined in the FAR act and how this is achieved within RBHS through these activities is set out below. A visual representation of the governance risk and compliance activities are outlined in **Appendix B.**

Reasonable steps	How this is achieved
Having appropriate governance, control, and risk management	• Established governance structures (Risk Committee, Audit Committee, Nomination and Remuneration Committee, Board, strategy meetings) to oversee obligations • Risk Management Strategy • Risk Appetite Statement • Compliance Obligations Framework • Board policies in place to manage material risks and compliance obligations • Internal Audit Plan • External Audit Plan • Annual Financial Conditions Report • Actuarial Advice Framework • Board and Committee minutes to evidence decisions • Board and Committee Actions to track activities • Risk management System (Protecht) • Terms of Reference Assurance
Having safeguards against inappropriate delegations of responsibility	• Delegations Policy and Matrix • Accountability Map and Accountability Statements • Delegations aligned with internal policies and systems
Having appropriate procedures for identifying and remediating problems that arise or may arise	• Fit & Proper Policy • Incident Management Policy • Remuneration Policy • Whistleblower Policy
Taking appropriate action to ensure compliance	• Financial Accountability Regime Policy • Accountable Person Induction and Training • Accountability Statements • Performance Reviews of Accountable Persons
Taking appropriate action in response to non-compliance, or suspected non-compliance	• Financial Accountability Regime Policy • Remuneration Policy • Incident Management Policy • Whistleblower Policy

Reasonable steps encompass all aspects of how an accountable person performs their role, not just having the right frameworks and guidelines in place. Taking reasonable steps also includes how an accountable person makes decisions and conducts themselves.

7.2 Board of Directors – Demonstration of Reasonable Steps

The Board demonstrates that it has taken reasonable steps through its existing governance processes rather than through a separate or standalone reasonable steps assessment. This is achieved in the following ways.

- Current, Board approved Corporate Governance Statement and Committee Terms of Reference, which clearly define the Board's and Committees' accountabilities.
- Board and Committee agendas aligned to the Corporate Governance Statement and relevant Terms of Reference, ensuring matters within the scope of the Board's accountabilities are appropriately considered.
- Regular reporting of key matters, as defined in the Corporate Governance Statement and Terms of Reference, to enable the Board and Committees to exercise effective oversight and fulfil their accountability obligations.
- Accurate and complete minutes of Board and Committee meetings, documenting key discussions, challenge and decisions, and reviewed and approved by the Board or relevant Committee.
- A current, Board-approved Delegations Policy and Delegations Matrix to support appropriate allocation and oversight of responsibilities.
- Existing Board assurance and evaluations activities, including annual Terms of reference assurance and Board and Directors performance evaluations.

Collectively, these integrated governance processes evidence the reasonable steps taken by the Board.

A Reasonable Steps Assessment Procedure supports how executives assess, evaluate and document reasonable steps. The outcomes of this assessment are reported to the Nominations and Remuneration Committee as part of the annual performance assessment of executive Accountable Persons.

8. Notification Obligations

RBHS must notify APRA when certain events impact their compliance with the FAR. RBHS must submit the relevant notification to APRA within 30 days after the occurrence of a notifiable event.

Notification must be made to APRA when the following occurs:

- An Accountable Person ceases to be an accountable person.
- An Accountable Person is dismissed or suspended because the person has failed to comply with their accountability obligations; or
- An Accountable Person has their variable remuneration reduced because the person has failed to comply with their accountability obligations.
- RBHS has reasonable grounds to believe that it has failed to comply with its accountability obligations or key personnel obligations (Accountable Entity breach).
- RBHS has reasonable grounds to believe an Accountable Person has failed to comply with their accountability obligations (Accountable Person breach).

- A material change occurs to information that relates to an Accountable Person and is contained in the FAR register.

To support compliance with notification obligations RBHS have developed the Reasonable Steps Assessment Procedure and the Financial Accountability Regime Procedure which detail the assessment of obligations and processes to ensure timely identification of any notifiable events including breaches of accountability obligations.

9. Breaches and Consequence Management

A breach occurs when an **Accountable Person** fails to comply with their obligations under the Financial Accountability Regime. This includes failing to take **reasonable steps** to fulfill their prescribed responsibilities or general accountability obligations.
Breaches may involve:

- Not acting with honesty, integrity, due skill, care, and diligence as it applies to their accountabilities and prescribed responsibilities.
- Failing to prevent matters that could adversely affect the prudential standing or reputation of the entity.
- Any matter where an individual has demonstrated dishonesty, fraud or actions that are not in the interests of the accountable entity or aligned with the company values.
- Not ensuring compliance with applicable laws and internal governance frameworks.

Where a breach of accountabilities or responsibilities assigned to an Accountable Person is confirmed or suspected, the CRO is responsible for undertaking an assessment of obligations and compliance with this policy as outlined in the Financial Accountability Regime Procedure. Any Senior Executive confirmed or suspected of a breach will not be directly involved in the assessment of the breach.

In the event a breach has been confirmed, the CRO will confirm with the CEO, who will consult with the NRC to determine the appropriate consequences for the FAR breach. The CRO will report confirmed FAR breaches and remediation plans to the Risk Committee following the Incident Management procedures. The Risk Committee's role is to oversee these breaches and monitor remediation.

In the event the Accountable Person involved in the breach is a Director, the NRC will make a recommendation to the Board on applicable consequences, and the Chair of the Board will apply these consequences as per the RBHS Constitution, other relevant Board policies or as required by legislation.

10. RBHS's Oversight, Assurance and Consequence Management for Accountable Persons Provided by Peoplecare

As RBHS does not directly employ its Accountable Persons, it is unable to apply direct remuneration consequences for non-performance or failure to meet their FAR obligations.

As such RBHS will maintain control, oversight, and assurance regarding the conduct of RBHS Accountable Persons through the following mechanisms.

1. Peoplecare Managed Services Agreement to manage risks under the *Financial Accountability Regime (FAR)*, including RBHS retaining control for the appointment, and removal of Accountable Persons as well as the minimum oversight and assurance that Peoplecare is required to provide regarding the performance of Peoplecare employees who are Appointed as RBHS Accountable Persons.
2. Regular independent audits of all Accountable Persons to provide assurance that they are effectively managing their Accountability obligations for RBHS.
3. RBHS NRC input to Peoplecare's People and Culture Committee regarding the performance of RBHS Accountable Persons, to help inform performance, remuneration and consequence outcomes of those individuals.
4. Annual meeting between the Chair of the NRC and Peoplecare's People and Culture Committee Chair to obtain assurance and be satisfied that performance management and remuneration practices for persons acting as Accountable Persons for RBHS meet the requirements of this Policy. This may be written engagement between chairs. To assist with this process, a copy of this Remuneration Policy may be made available to Peoplecare's People & Culture Committee.

Amendments

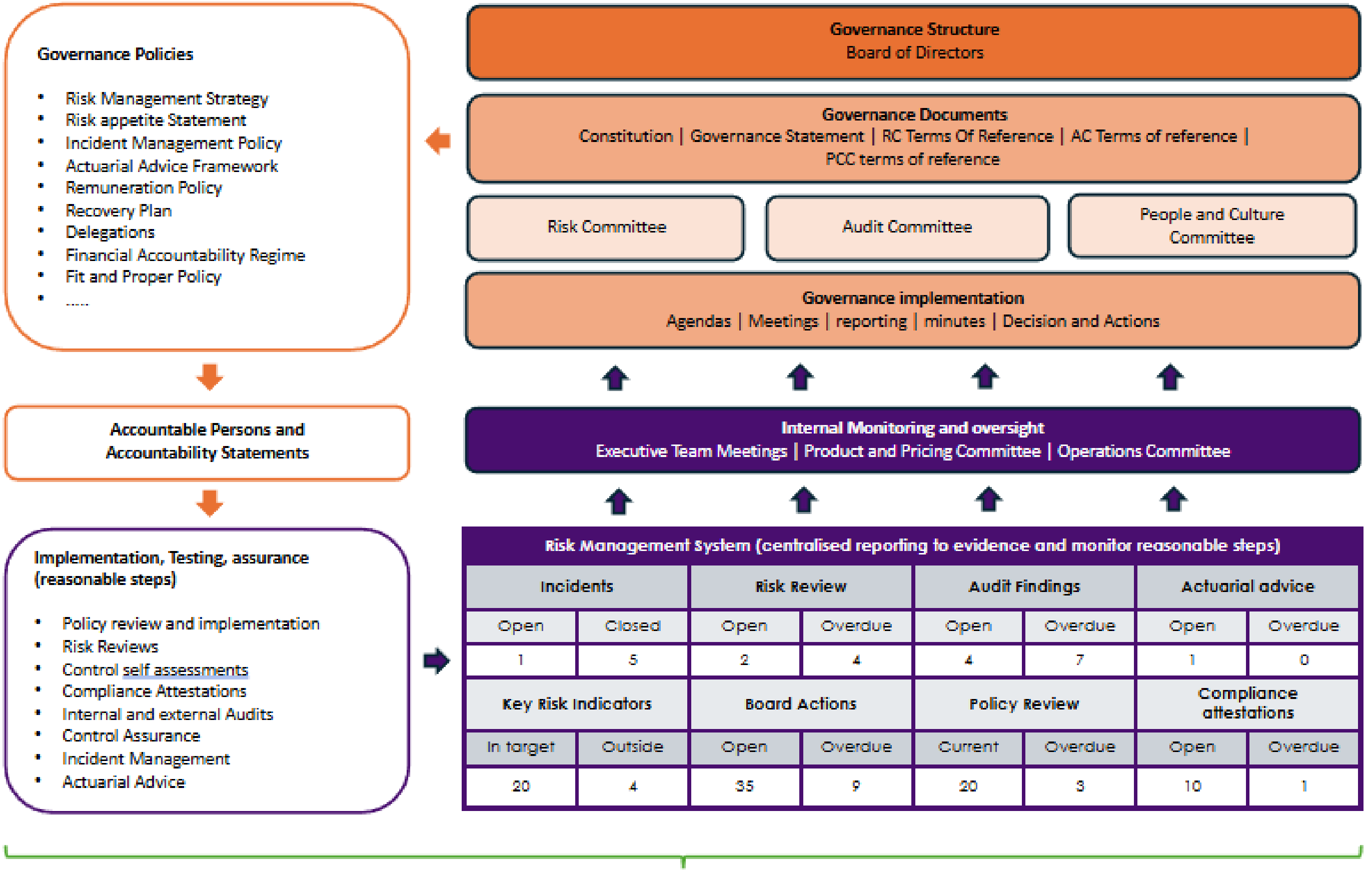
Version	Date	Author	Approved by	Distribution	Comments
1.0	March 2025	CPCO & CRO	Board of Directors	Board of Directors, Executive Team, Accountable Persons	First publication required by FAR Act 2023 15 March 2025.
2.0	February 2026	Senior Policy and Governance Advisor	Board of Directors	Board of Directors, Executive Team, Accountable Persons	First annual review. Removed procedural matters.

Appendix A | Approved Accountable Persons

The following positions are approved accountable Persons as of March 2025.

Position
Board of Directors
Chief Executive Officer
Chief Financial Officer
Chief Risk Officer

Appendix B | Governance Framework to Support Reasonable Steps



Incidents		Risk Review		Audit Findings		Actuarial advice	
Open	Closed	Open	Overdue	Open	Overdue	Open	Overdue
1	5	2	4	4	7	1	0
Key Risk Indicators		Board Actions		Policy Review		Compliance attestations	
In target	Outside	Open	Overdue	Current	Overdue	Open	Overdue
20	4	35	9	20	3	10	1

Reasonable steps assessment of implementation, testing and ongoing monitoring of accountability obligations.

APPENDIX C | Accountability statement

This accountability statement is provided to APRA and ASIC in accordance with s31(2)(a) and 33 of the *Financial Accountability Regime Act 2023* (the FAR Act).

Section 1: Accountable person details

Name	
Employer	
Role title	
Role start date	
Reports to	
Responsibilities under s10(1) and 10(6) of the FAR Act	
Responsibilities under s10(2) and 10(3) of the FAR Act as prescribed under the Minister rules	

Section 2: Detailed Prescribed Responsibilities and Insurance Key Funcations of the Accountable Person

The part or aspect of the operations of the enhanced accountable entity or SRE which the accountable person has actual or effective responsibility for management or control (s33(a)(i) of the FAR Act):

Area of responsibility	Description of responsibility (s33(a)(ii) of the FAR Act)	Joint (yes or no)
1		
2		
3		
4		
5		

6		

Section 3: Limitations and exclusions of responsibility
[*INSERT*]

Section 4: Declaration

I, **[INSERT NAME OF THE ACCOUNTABLE PERSON]**, declare that:
- the content of this accountability statement is accurate; and
- I understand my accountability obligations under s21 of the FAR Act.

Signature Date