

CPS 511 Remuneration Disclosures

FY 2025

Introduction

Reserve Bank Health Society Limited (RBHS) is a private health insurance company regulated by the Australian Prudential Regulation Authority (APRA). *Prudential Standard CPS 511 Remuneration* (CPS 511) contains remuneration disclosure requirements that are designed to provide transparency on remuneration practices across APRA regulated entities. CPS 511 requires entities to publicly disclose information on their remuneration framework design, governance and outcomes.

RBHS is a non-significant financial institution (non-SFI) for the purposes of CPS 511. This document has been prepared by RBHS in accordance with the remuneration disclosure requirements under CPS 511. The information reported in this disclosure is for the period 1 July 2024 to 30 June 2025.

RBHS outsources the management of its business to Peoplecare Health Limited (Peoplecare), under the terms of a five year managed services agreement. RBHS does not directly employ staff to conduct its business as resources required to operate and manage the Fund are provided by Peoplecare.

Governance

Board

The RBHS Board comprises of seven elected directors and up to two appointed directors and meet at least four times per year in addition to undertaking an annual strategic plan review.

The Board is responsible for the ownership of the Remuneration policy and it's effective application and alignment with the interest of RBHS members.

The Board utilises the Nominations and Remuneration Committee (NRC) to assist with discharging its responsibilities under the Remuneration Policy noted below.

- a. It will be necessary for the chair of the NRC to 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 persons acting as Responsible Persons and Accountable Persons for RBHS meet the requirements of this Policy.

It is the responsibility of the Board to enquire, monitor and review matters in relation to remuneration policies and practices for persons defined under the Remuneration Policy, including:

- Persons directly employed or contracted by RBHS; and
- Responsible Person positions that are allocated through outsourced business arrangements with Peoplecare, in particular the Chief Executive Officer (CEO), Chief Risk Officer (CRO), and Chief Financial Officer (CFO).

The Board, utilising the NRC as appropriate, has responsibility under this policy, and the Management Services Agreement in relation to the performance reviews relative to the CEO, their direct reports and any other staff members whose primary responsibilities relate to risk, compliance, internal audit or financial control of RBHS.

Nominations and Remuneration Committee

The Board has established a Nominations and Remuneration Committee (NRC) with a written Terms of Reference that sets out its objectives, responsibilities and terms of operation. The NRC's objective is to assist the Board to fulfil its responsibility in relation to the quality and effectiveness of the Board, individual directors, and executive management, and to ensure that appropriate remuneration structures are in place in alignment with CPS 511.

The NRC comprises no less than three members, all of whom are independent non-executive Directors. The NRC, under their Terms of Reference, are required to meet at least twice per year and fulfils the corporate governance responsibilities in relation to remuneration by:

- Liasing with the managed service provider's Board or Board Committee (Peoplecare) who are responsible for the appointment, performance monitoring, fitness and propriety assessment, and remuneration structure for persons who are nominated by the managed service provider (Peoplecare) for RBHS positions, and who fall within the RBHS Fit and Proper Policy and Remuneration Policy, including:
 - Enquiring as to the structure of the remuneration provided to those nominated persons, and requesting assurances that they are not designed in a way that would compromise there fitness and propriety, or the best interests of RBHS and its contributors.
- Undertake an annual performance review of the Chief Executive Officer (CEO) and make recommendations to the Board of matters to be discussed between the Chairpersons of the Peoplecare and RBHS Boards in the annual meeting.
- Review and make recommendations to the Board in regard to remuneration of Directors including any changes to the aggregate remuneration amount that must be approved by members at the Annual General Meeting, and how that remuneration is divided and allocated to each role.
- Review and recommend the Remuneration Framework and Remuneration Policy to the Board on an annual basis and ensuring an external review every three years.

Remuneration Policy

The RBHS Remuneration Policy ensures that RBHS appropriately manages the conduct, performance and remuneration outcomes of its Responsible and Accountable

People. This policy does contain information relevant to Non Executive Directors and is to be considered in conjunction with the RBHS constitution and other policies pertaining to their appointment, conduct, performance management and remuneration.

The policy is designed in line with the APRA Prudential Standard CPS 511 – Remuneration and the Financial Accountability Regime Act and has been determined a proportionate approach to remuneration practices for RBHS as a non-Significant Financial Institution.

The Remuneration policy applies to the remuneration and performance management of Responsible Persons, Accountable Persons and others, whether directly employed, contracted, or outsourced.

Given the current arrangements whereby RBHS outsource the management of the Fund to a third party provider, Peoplecare, the objectives of the RBHS Remuneration Policy are to ensure that any performance-based components of remuneration for Responsible Persons, as defined in the Remuneration Policy, are designed to encourage behaviour that supports:

- RBHS' best interests and long-term financial soundness.
- The Risk Management Framework of RBHS; and
- The protection of members' overall interests at all times.

Performance based remuneration does not apply to RBHS Accountable and Responsible Persons. Should a decision be made to introduce performance based remunerations, RBHS will ensure that any performance based components of remuneration related to the RBHS business will be designed to align with prudent risk-taking and incorporate adjustments to reflect:

- a. The outcomes, cost of capital, and risk management of the RBHS business to which the performance based component applies; and
- b. The time necessary for the outcomes of these business activities to be reliably measured.

Remuneration practices and performance based components for Responsible Persons engaged in Risk Management or Financial Control responsibilities are to be designed to ensure that the independence of those functions is not compromised.

Remuneration Design

The RBHS Board acknowledges Peoplecare, as the service provider, is responsible for remuneration design for the CEO, CRO and CFO that is compliant to APRA Prudential Standard CPS 511 and the Financial Accountability Regime.

The Board acknowledges that Peoplecare has the responsibility for determining and reviewing remuneration based upon the prudential application of CPS 511 and the Financial Accountability Regime, appropriate industry benchmarks and economic

factors. The RBHS NRC will be updated by Peoplecare's Chief People & Culture Officer annually on Peoplecare's remuneration framework or if there is change.

Consequence Management

Peoplecare employees acting as RBHS Accountable Person

Should the Board decide the conduct or performance of the Accountable Person is not compliant with policy it is to raise the concern with the RBHS CEO and with the Chair of the Nominations and Remuneration Committee for assessment. The committee is required to notify the Chair of the Peoplecare People and Culture committee of any conduct that is in breach of the Peoplecare Master Services Agreement or any RBHS Policy.

The Peoplecare Chief People & Culture Officer and the Peoplecare People & Culture Committee will apply the Peoplecare Remuneration Framework and Policy upon notification.

If the matter relates to a potential or actual breach of the Financial Regime Policy the consequent management and breach assessment processes within that policy will apply.

Additionally the RBHS Board can consider other consequences under the Managed Services Agreement including but not limited to removing a non performing Accountable Person or termination of the RBHS-Peoplecare contract.

The Board and CEO are responsible to ensure any consequence management actions which constitute a notifiable event are to be notified to APRA as per the Financial Accountability Regime Policy.

RBHS Accountable and Responsible Persons engaged directly by RBHS

The Board will withhold fixed remuneration increases or withhold or adjust other benefits for Accountable Persons directly engaged by RBHS (eg Directors) in the following instances:

- Breach of Financial Accountability Regime obligations.
- Wilful misconduct leading to significant adverse outcomes.
- A significant failure of financial or non-financial risk management.
- A significant failure or breach of accountability, fitness and propriety, or compliance obligations.
- A significant error or a significant misstatement of criteria on which the variable remuneration determination was based.
- Significant adverse outcomes for customers, beneficiaries or counterparties.

Additionally the Board can consider other performance management options such as termination from RBHS. Additionally the Board and/or CEO will action other disciplinary actions to correct or deter conduct or performance not aligned with company expectations.