Teachers Health
Nurses & Midwives Health
Uni Health

CPS 511 Remuneration Disclosures

For the year ended 30 June 2025

Teachers Health Nurses & Midwives Health Uni Health

Teachers Federation Health Ltd

CPS 511 Disclosures in relation to remuneration

For the year ended 30 June 2025

1. Introduction

1.1 This disclosure is published on the Teachers Federation Health Ltd (**Teachers Health**) website, and is made for the purposes of complying with the applicable requirements of the Prudential Standard CPS 511 - Remuneration (**CPS 511**). This disclosure is for the period from 1 July 2024 to 30 June 2025 (**Disclosure Period**).

2. Overview

2.1 CPS 511 requires an APRA-regulated entity to make clear, comprehensive, meaningful, consistent, and comparable public disclosures of information regarding its remuneration framework and practices in accordance with the applicable requirements specified therein.

2.2 Teachers Health is a non-Significant Financial Institution (**non-SFI**) for the purposes of CPS 511 and therefore is required to make the disclosures set out in paragraphs 91 to 98 of CPS 511.

3. Remuneration Framework

3.1 The Teachers Health Remuneration Framework and Remuneration Policy apply to all Teachers Health employees and to dental, optical, and other contractors.

3.2 The Teachers Health Remuneration Framework comprises the following elements:

(a) *Key Policies*

(i) Remuneration Policy

(ii) Directors' Remuneration Policy

(iii) Risk Management Strategy and Framework

(iv) Performance Management and Conduct Policy

(v) Code of Conduct

(b) *Objectives of the Remuneration Framework*

The Remuneration Framework is designed so that clear objectives and metrics are set and aligned to Teachers Health's business risks (as managed under the Risk Management Strategy and Framework) and strategic plans (including the **Business Plan**). Teachers Health's business strategy and risk management framework are aligned so that strategic objectives can be achieved within the Board's risk appetite.

(c) *Key Performance Indicators*

Key performance indicators (**KPIs**) for employees are set with measurable outcomes to ensure employees are rewarded for meeting role expectations. This allows

Teachers Health to reward employees who exceed expectations and manage those who do not.

(d) *Remuneration Outcomes*

(i) The Remuneration Policy provides that Teachers Health's overall strategic positioning, purpose, values and risk management framework ensure that remuneration review and benchmarking across the organisation is transparent, objective and consistent, and free from potential conflicts of interest. This enables Teachers Health to remain competitive, attract and retain skills, support resilience and sustainability, and reward employees appropriately.

(ii) Position benchmarking for executive and other senior roles is undertaken by external consultants. Benchmarking for all other roles is performed internally, with assistance from external consultants who provide current market data.

(iii) Remuneration benchmarking targets the 50th, 62nd or 75th percentile of market data, depending on the level of the role, skill shortages, attraction difficulties, and business and retention risk. Comparisons are based on market fixed remuneration only, excluding any variable or at-risk component.

4. Remuneration Policy

4.1 *Overview*

(a) The Teachers Health Remuneration Policy is approved by the Board. The Remuneration Policy and Remuneration Framework assess individuals against KPIs and performance objectives aligned with Teachers Health's business risk and strategic plans (see paragraph 5.1 below for further detail on the performance evaluation process).

(b) In line with company practice, the Remuneration Policy and Directors' Remuneration Policy are reviewed every two years unless specific legislative changes take place in between, to ensure they remain appropriate, effective, competitive, consistent with sound risk management practices, and aligned with CPS 511. The Chief People Officer reviews the Remuneration Policy. The Board oversees the Remuneration Policy and in doing so, takes into account recommendations from the People and Remuneration Committee, as well as any material changes in the business.

4.2 *Remuneration Structure*

(a) During the Disclosure Period Teachers Health has not made any profit share, performance-based or incentive payments to any person covered by the Remuneration Policy.

(b) Teachers Health sources market remuneration data from an appropriate industry peer comparator group of organisations of similar size and business structure. Teachers Health considers total fixed remuneration for positions based on skill sets, capability, responsibility, and similar factors. The Remuneration Policy provides that this practice ensures that Teachers Health remains competitive, can attract and retain the skills required for organisational resilience and future sustainability, and rewards employees appropriately for their performance.

4.3 *Specified Roles*

(a) For the purposes of CPS 511, the Specified Roles in Teachers Health include positions in:

(i) the **Senior Management** team, comprising:

(A) the Chief Executive Officer (**CEO**);

(B) executive-level managers reporting directly to the CEO (the **Senior Executive**); and

(C) other staff with senior management responsibilities (including all material risk takers); and

(ii) employees working in the risk, compliance, internal audit, financial or actuarial control functions.

(b) When reviewing CEO and Senior Executive remuneration, the People and Remuneration Committee considers the following factors, all of which are set out in the Remuneration Policy:

(i) the performance of Teachers Health over the preceding twelve months, including performance against strategic objectives and budget targets, sustainable growth, customer service levels, risks related to business activities, capital position, and overall financial performance;

(ii) the individual achievements of the employee against their key performance indicators and competencies, as well as their individual and collective contribution to Teachers Health's outcomes by reference to the Business Plan; and

(iii) relevant comparative market remuneration data from an independent third party.

4.4 *Directors' Remuneration Policy*

(a) The People and Remuneration Committee conducts regular reviews and makes recommendations on the Directors' Remuneration Policy. Directors' remuneration is determined having regard to external benchmarking data and the responsibilities of the role.

(b) The Directors' Remuneration Policy sets out the framework for remunerating directors and providing them with benefits. The Board is empowered under the Teachers Health constitution to allocate director remuneration up to a maximum aggregate amount determined by the company members.

(c) The policy establishes key principles, including that directors do not receive profit share, performance-based payments, or incentive payments. Superannuation is paid at the then current superannuation guarantee rate , and directors receive appropriate insurance cover and payment of professional membership fees.

4.5 *Variable Remuneration*

(a) As Teachers Health did not have any variable remuneration arrangements in effect during the Disclosure Period, the Remuneration Framework relies on fixed remuneration positioning relative to market benchmarks to attract, retain, and motivate personnel. Remuneration adjustments are determined through the annual performance review cycle, informed by performance against KPIs, benchmarking data, and the organisation's capacity to reward within its risk appetite.

(b) In the absence of variable remuneration during the Disclosure Period, the organisation's consequence management tools include additional training, reducing or withholding fixed remuneration increases, issuing formal warnings, demotion, implementing performance management plans and the availability of potential development opportunities (see paragraph 5.3(c) for further information).

5. Performance and Risk Management

5.1 *Performance Evaluation*

(a) As explained in paragraph 3.2(b) above, performance measures and outcomes are assessed in cycles aligned with the Remuneration Policy. Clear objectives and metrics are set and aligned to the Business Plan, ensuring that individuals covered by the policy are assessed against KPIs and performance objectives that align with Teachers Health's business risk and strategic plans.

(b) Teachers Health operates a structured performance process (known as "Heart2Heart"), which includes three formal check-in points during the year:

(i) business unit business plans are finalised for the following year and linked to KPIs and performance measures;

(ii) goal and KPI setting and development plans are established for each individual; and

(iii) KPIs and performance measures are linked to business unit goals, with performance goals set for individuals together with individual development plans established for the year, which assist in whatever development needs the individual is working towards. Review of performance goals and development goals are created at the beginning of the financial year, reviewed half way through the year and again at the end of the financial year, unless there are other issues to be considered in the interim periods. ..

5.2 *Risk Management*

(a) Managing risk is integral to Teachers Health achieving its strategic objectives and making effective decisions. The Risk Management Strategy and Framework affirms that the Board and Senior Management recognise that managing enterprise-wide risk is good management practice, supporting organisational objectives, performance and sound corporate governance.

(b) The Risk Management Strategy and Framework provides that all employees, and dental, optical and other contractors as applicable, have risk management responsibilities. Senior Management are risk owners in their business unit areas and are responsible for identifying, analysing, evaluating, addressing, monitoring, reporting and communicating risks (both financial and non-financial). All employees and contractors are responsible for risk awareness and contributing to a proactive risk management culture.

5.3 *Conduct Risk and Consequence Management*

(a) Under its terms, the Teachers Health's Code of Conduct (**Code**) applies to all directors, employees, contractors and consultants to Teachers Health. The Code sets out the ethical standards and rules of Teachers Health and provides a framework to guide compliance with legal and other obligations to stakeholders. Teachers Health defines conduct risk in the Risk Management Strategy and Framework as the risk of inappropriate, unethical, or unlawful behaviour by management, employees, or contractors to the detriment of members, stakeholders, or the private health insurance industry.

(b) The Risk Management Strategy and Framework provides that the CEO is responsible for conduct risk across the organisation in accordance with the Code.

(c) The Remuneration Policy and Performance Management and Conduct Policy provide that inadequate performance or inappropriate behaviour may result in consequences ranging from additional training to termination, depending on severity. Potential consequence management outcomes include:

(i) performance reviews and remuneration adjustments (including withholding expected salary increases);

(ii) further training and enhanced monitoring;

(iii) formal warnings and other disciplinary action;

(iv) performance improvement plans;

(v) demotion; and

(vi) termination.

(d) These consequence management measures ensure that conduct risk is appropriately addressed and that remuneration outcomes remain aligned with Teachers Health's risk management framework and the requirements of CPS 511.

6. Governance

6.1 *The Board*

(a) The Remuneration Policy provides that the Board has ultimate responsibility for ensuring that Teachers Health maintains a Remuneration Framework that enables the organisation to be competitive and to attract and retain the skills required to support its future sustainability. The Remuneration Policy provides that the Board:

(i) approve the Remuneration Framework and Remuneration Policy;

(ii) consider the performance of the CEO based on its own observations, information, and recommendations from the People and Remuneration Committee;

(iii) approve the remuneration of the CEO.

(iv) develop the Directors' Remuneration Framework;

(v) maintain oversight of the performance and remuneration of Senior Executives through delegated approval to the People and Remuneration Committee; and

(vi) oversee risk management and control systems and legal compliance processes that govern operations.

6.2 *Committees*

Teachers Health also governs remuneration through the People and Remuneration Committee and the Risk and Compliance Committee.

(a) The People and Remuneration Committee is comprised of a minimum of three and up to a maximum of five non-executive members of the Board, the majority of whom are independent (based on the relevant definition for that term in the Teachers Health constitution). The Remuneration Policy requires that the People and Remuneration Committee:

(i) conduct the annual performance evaluation of the CEO and reports outcomes to the Board;

(ii) recommend the remuneration of the CEO to the Board annually;

(iii) consider the annual performance review of Senior Executives and reports those outcomes to the Board;

(iv) consider and approves the CEO's recommendations regarding Executive remuneration based on relevant benchmarking data and reports those recommendations to the Board; and

(v) review and approve the appropriateness of the consultants, methodology and frameworks used to benchmark executive remuneration.

(b) The Risk and Compliance Committee is comprised of a minimum of three and up to a maximum of five non-executive members of the Board. Its Charter requires it to:

(i) review and makes recommendations to the Board on the effectiveness of risk management, internal controls, and compliance with laws, regulations, and policies;

(ii) make recommendations on current and future risk appetite, risk management framework, and strategy; and

(iii) oversee implementation of the risk management framework and strategy.

6.3 *Remuneration Outcomes*

(a) The Remuneration Framework provides that remuneration governance framework operates through the following structured recommendation and approval processes:

(i) the CEO recommends Executive remuneration increases to the People and Remuneration Committee, which reports to the Board;

(ii) the People and Remuneration Committee recommends CEO remuneration increases to the Board annually; and

(iii) the relevant Senior Executives make recommendations to the CEO for individual employee remuneration increases outside the annual range if appropriate due to skill shortages, market demands etc if appropriate.

(b) The Remuneration Policy provides that the Board exercises discretion in determining remuneration outcomes by considering the People and Remuneration Committee's recommendations, benchmarking data and the overall performance of the organisation against its strategic objectives, budget targets and risk appetite.

6.4 *Meetings*

The following number of meetings were held during the Disclosure Period:

(a) Board 11 meetings.

(b) People and Remuneration Committee 6 meetings.

(c) Risk and Compliance Committee 4 meetings.

7. Compliance

Teachers Health considers these disclosures to be compliant with the requirements of CPS 511 that apply to a non-SFI under paragraphs 91 to 98 of the Prudential Standard.