

Navy Health Ltd – APRA Prudential Standard CPS 511 Remuneration Disclosure

Navy Health Ltd is regulated by the Australian Prudential Regulation Authority (APRA) and is classified by APRA as a non-significant financial institution. APRA Prudential Standard CPS 511 Remuneration (CPS 511) requires non-significant financial institutions to publicly disclose certain information on their remuneration framework and practices. The information that Navy Health is required to disclose is presented below.

Remuneration Framework Governance

Navy Health's Board of Directors (the Board) is ultimately responsible for Navy Health's Remuneration Framework. Navy Health's Remuneration Framework is described in Navy Health's Remuneration Policy and is designed and maintained to:

- Align with Navy Health's business plan, strategic objectives, and risk management framework.
- Promote effective management of both financial and non-financial risks, sustainable performance, and Navy Health's long-term soundness.
- Support the prevention and mitigation of conduct risk at Navy Health.
- Support compliance with regulatory obligations.

The Board has established a Remuneration & Nomination Committee (RNC) which assists the Board in conducting regular reviews of the Remuneration Policy and making recommendations to the Board on the remuneration of Directors, Senior Managers and other employees in accordance with the Remuneration Policy. The Board is responsible for approving fixed and variable remuneration for Directors, Senior Managers and other key personnel based on recommendations from the RNC. In the financial year ended 30 June 2025, the Board met six times and the RNC met four times.

Remuneration Framework & Remuneration Policy Information

Navy Health's remuneration arrangements mainly consist of the following:

- Fixed remuneration including salary, superannuation, private health insurance contributions and any other relevant items.
- Variable remuneration being an annual cash incentive payment for Executives and other staff members.

Navy Health's Variable Remuneration Policy includes details of Navy Health's variable remuneration arrangements for each financial year. The Variable Remuneration Policy is updated on an annual basis in conjunction with the annual update of Navy Health's Strategic Plan, Budget, Risk Appetite Statement, Risk Management Strategy and Internal Capital Adequacy Assessment Process (ICAAP) Summary Statement. The intention of this process is to ensure that Navy Health's variable remuneration arrangements are aligned to Navy Health's business plan, strategic objectives and risk management framework. The Board is responsible for approving the Variable Remuneration Policy based on advice from the RNC.

The Variable Remuneration Policy includes details of the variable remuneration arrangements for Navy Health's Senior Managers being the Chief Executive Officer (CEO), Deputy CEO & Chief Operating Officer, Chief Risk Officer, Chief Customer Officer and Chief Marketing Officer. Other staff members may be eligible for an annual cash bonus based

on their annual performance assessments at the discretion of the CEO considering the requirements of the Variable Remuneration Policy. Navy Health does not have any personnel who meet the CPS 511 definition of material risk-takers. Navy Health's key Financial Control and Risk personnel are the Deputy CEO & Chief Operating Officer and the Chief Risk Officer respectively.

The following items are incorporated within Navy Health's Senior Manager variable remuneration arrangements:

- Variable remuneration arrangements consider financial and non-financial risks that could materially impact the Navy Health's risk profile, sustainable performance and long-term soundness.
- Variable remuneration arrangements incorporate payout and vesting schedules that are commensurate with the possible range of risk and performance outcomes and that are sensitive to the time horizon of risk and consistent with the applicable regulatory regime.
- Where considered appropriate, variable remuneration arrangements incorporate variable remuneration adjustment tools, that may include but are not necessarily limited to overriding board discretion at each decision point, in-period adjustments, malus and, where appropriate, clawback, which are supported by a downward-adjustments process.
- Variable remuneration arrangements are subject to malus.
- Variable remuneration outcomes are aligned with performance and risk outcomes.
- Variable remuneration outcomes are designed with the intention of assessing and mitigating conflicts of interest including conflicts that may arise from service contracts.
- Annual variable remuneration amounts are prohibited from exceeding the limit in the Financial Accountability Regime (FAR) which requires a minimum of 40% of variable remuneration to be deferred.

The annual variable remuneration for a Senior Manager is subject to consequence management. Variable remuneration is reduced to zero if, during the relevant financial year, the Executive is assessed by the Board and RNC to be responsible for:

- misconduct which leads 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; and / or
- significant adverse outcomes for Members, beneficiaries or counterparties.