



Banking, Insurance, Life Insurance, Health Insurance and Superannuation (prudential standard) determination No. 3 of 2023

Prudential Standard CPS 511 Remuneration

Banking Act 1959

Insurance Act 1973

Life Insurance Act 1995

Private Health Insurance (Prudential Supervision) Act 2015

Superannuation Industry (Supervision) Act 1993

I, John Lonsdale, a delegate of APRA:

- (a) under subsections 11AF(3) of the *Banking Act 1959*, 32(4) of the *Insurance Act 1973*, 230A(5) of the *Life Insurance Act 1995*, 92(5) of the *Private Health Insurance (Prudential Supervision) Act 2015* and 34C(6) of the *Superannuation Industry (Supervision) Act 1993* REVOKE Banking, Insurance, Life Insurance, Health Insurance and Superannuation (prudential standard) determination No. 1 of 2021, including *Prudential Standard CPS 511 Remuneration* made under that determination;
- (b) under subsection 11AF(1) of the *Banking Act 1959* DETERMINE the prudential standard, which applies to all ADIs, excluding ADIs referred to in paragraph 2 of the prudential standard, and authorised banking NOHCs;
- (c) under subsection 32(1) of the *Insurance Act 1973* DETERMINE the prudential standard, which applies to all general insurers and authorised insurance NOHCs, and subsidiaries of general insurers or authorised insurance NOHCs where those subsidiaries are parent entities of Level 2 insurance groups;
- (d) under subsection 230A(1) of the *Life Insurance Act 1995* DETERMINE the prudential standard, which applies to all life companies, including friendly societies, and registered NOHCs;
- (e) under subsection 92(1) of the *Private Health Insurance (Prudential Supervision) Act 2015* DETERMINE the prudential standard, which applies to all private health insurers; and
- (f) under subsection 34C(1) of the *Superannuation Industry (Supervision) Act 1993* DETERMINE the prudential standard, which applies to all RSE licensees.

This instrument commences on 1 January 2024.

Dated: 28 September 2023

John Lonsdale
Chair
APRA

Interpretation

In this Determination:

ADI has the meaning given in section 5 of the *Banking Act 1959*.

APRA means the Australian Prudential Regulation Authority.

authorised banking NOHC has the meaning given to the expression *authorised NOHC* in section 5 of the *Banking Act 1959*.

authorised insurance NOHC has the meaning given to the expression *authorised NOHC* in subsection 3(1) of the *Insurance Act 1973*.

friendly society has the meaning given in section 16C of the *Life Insurance Act 1995*.

general insurer has the meaning given in section 11 of the *Insurance Act 1973*.

Level 2 insurance group has the meaning given in *Prudential Standard GPS 001 Definitions*.

life company has the meaning given in the Schedule to the *Life Insurance Act 1995*.

parent entity has the meaning given in *Prudential Standard GPS 001 Definitions*.

private health insurer has the meaning given in section 4 of the *Private Health Insurance (Prudential Supervision) Act 2015*.

registered NOHC has the meaning given in the Schedule to the *Life Insurance Act 1995*.

RSE licensee has the meaning given in subsection 10(1) of the *Superannuation Industry (Supervision) Act 1993*.

subsidiary has the meaning given in *Prudential Standard GPS 001 Definitions*.

the prudential standard means *Prudential Standard CPS 511 Remuneration* in the form set out in the Schedule.

Schedule

Prudential Standard CPS 511 Remuneration comprises the document commencing on the following page.



Prudential Standard CPS 511

Remuneration

Objectives and key requirements of this Prudential Standard

The objective of this Prudential Standard is to ensure that APRA-regulated entities maintain remuneration arrangements which appropriately incentivise individuals to prudently manage the risks they are responsible for, and that there are appropriate consequences for poor risk outcomes.

The key requirements of this Prudential Standard are that:

- the Board of an APRA-regulated entity is responsible for the remuneration framework and its effective application, consistent with the size, business mix and complexity of the entity;
- an entity must maintain a remuneration framework that promotes effective management of financial and non-financial risks;
- remuneration outcomes must be commensurate with performance and risk outcomes;
- higher standards must be met for key roles and certain large, complex entities; and
- an APRA-regulated entity must make clear, comprehensive, meaningful, consistent and comparable public disclosures on remuneration.

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Authority

1. This Prudential Standard is made under:
 - (a) section 11AF of *the Banking Act 1959* (Banking Act);
 - (b) section 32 of the *Insurance Act 1973* (Insurance Act);
 - (c) section 230A of the *Life Insurance Act 1995* (Life Insurance Act);
 - (d) section 92 of the *Private Health Insurance (Prudential Supervision) Act 2015* (PHIPS Act); and
 - (e) section 34C of the *Superannuation Industry (Supervision) Act 1993* (SIS Act).

Application

2. Subject to paragraphs 3 and 4, and in accordance with paragraphs 9 to 11, this Prudential Standard applies to all APRA-regulated entities, defined as:
 - (a) **authorised deposit taking institutions (ADIs)**, including **foreign ADIs**, and **non-operating holding companies** authorised under the Banking Act (authorised banking NOHCs) but excluding **purchased payment facility providers**;
 - (b) **general insurers**, including **Category C insurers**, non-operating holding companies authorised under the Insurance Act (authorised insurance NOHCs) and **parent entities of Level 2 insurance groups**;
 - (c) **life companies**, including **friendly societies**, **eligible foreign life insurance companies** (EFLICs) and **registered NOHCs**;
 - (d) **private health insurers** registered under the PHIPS Act; and
 - (e) **registrable superannuation entity licensees** (RSE licensees) under the SIS Act in respect of their business operations.¹
3. The obligations imposed by this Prudential Standard on, or in relation to, a foreign ADI, a Category C insurer or an EFLIC apply only in relation to the Australian branch operations of that entity.
4. For the purposes of this Prudential Standard, an APRA-regulated entity is either a **significant financial institution (SFI)** or a **non-significant financial**

¹ For the purposes of this Prudential Standard, an ‘RSE licensee’ has the meaning given in subsection 10(1) of the SIS Act. An ‘RSE licensee’s business operations’ includes all activities of an RSE licensee (including the activities of each RSE of which it is the licensee), and all other activities of the RSE licensee to the extent that they are relevant to, or may impact on, its activities as an RSE licensee.

institution (non-SFI). Unless APRA determines otherwise in a particular case,² this Prudential Standard applies to these two classes of APRA-regulated entities as follows:

- (a) paragraphs 1 to 20 apply to both SFIs and non-SFIs;
 - (b) paragraphs 21 to 73 apply only to SFIs; and
 - (c) paragraphs 74 to 98 apply only to non-SFIs.
5. Subject to paragraph 7, where an entity is the ‘Head of a group’,³ it must comply with an applicable requirement of this Prudential Standard:
- (a) in its capacity as an APRA-regulated entity;
 - (b) by ensuring that the requirement is applied appropriately throughout the group, including in relation to entities that are not APRA-regulated; and
 - (c) on a group basis.
6. In applying the requirements of this Prudential Standard on a group basis, references in paragraphs 18 to 98 to an ‘APRA-regulated entity’ must be read as ‘Head of a group’ and references to ‘entity’ must be read as ‘group’.
7. Unless otherwise determined by APRA, an APRA-regulated entity within a group is not required to make the disclosures required by this Prudential Standard on an individual entity or a Level 2 basis where:
- (a) the APRA-regulated entity is part of a group headed by another APRA-regulated entity; and
 - (b) the other APRA-regulated as the Head of a group makes the required disclosures on a Level 2 basis or Level 3 basis, as applicable.
8. This Prudential Standard does not apply to the extent it would require any entity to act (or not act) in a manner contrary to:
- (a) the *Fair Work Act 2009*; and
 - (b) in relation to any employment contract or contract of appointment or engagement governed by foreign law, any applicable foreign legislation.
9. For an ADI, by operation of the *Legislation Act 2003*, this Prudential Standard is to be read and construed subject to the Banking Act, including Part IIAA which imposes requirements relating to remuneration.

² This power is to be exercised under paragraph 18.

³ Where a Level 2 group operates within a Level 3 group, a requirement expressed as applying to a Head of a group is to be read as applying to the Level 3 Head. For the avoidance of doubt, the reference to ‘Head of a group’ does not apply to an RSE licensee.

10. Subject to paragraphs 11, 12 and 13, this Prudential Standard applies:
 - (a) to an ADI that is an SFI, or a group headed by an ADI or authorised banking NOHC that is an SFI, on 1 January 2023;
 - (b) to a general insurer, life company, private health insurer or RSE licensee that is an SFI, or a group headed by such an SFI, or a group headed by an authorised insurance NOHC, a parent entity of a Level 2 insurance group or a registered NOHC that is an SFI, on 1 July 2023; and
 - (c) to any other APRA-regulated entity on 1 January 2024.
11. The disclosure requirements of this Prudential Standard, specified in paragraphs 63-73 and paragraphs 91-98, apply to an APRA-regulated entity's first full financial year that commences on or after 1 January 2024.
12. This Prudential Standard does not apply to a person's variable remuneration if the opportunity to earn the variable remuneration arose before the relevant commencement dates specified in paragraph 10.
13. Despite paragraph 12, if:
 - (a) the person's variable remuneration is payable under a contract entered into before the previous version of this Prudential Standard came into effect; and
 - (b) apart from this paragraph, the application of this Prudential Standard to the variable remuneration would result in an acquisition of property from the person other than on just terms (within the meaning of paragraph 51(xxxi) of the Constitution);

this Prudential Standard does not apply to the variable remuneration to the extent it would result in such an acquisition.⁴

Interpretation

14. Terms that are defined in *Prudential Standard 3PS 001 Definitions*, *Prudential Standard APS 001 Definitions* (APS 001), *Prudential Standard GPS 001 Definitions* (GPS 001), *Prudential Standard LPS 001 Definitions* (LPS 001) or *Prudential Standard HPS 001 Definitions* (HPS 001) appear in bold the first time they are used in this Prudential Standard.

⁴ Given this paragraph prevents this Prudential Standard from giving rise to such an acquisition of property in relation to variable remuneration payable under such a contract, compensation will not be payable under section 69E of the Banking Act, section 127A of the Insurance Act, section 251 of the Life Insurance Act or section 8 of the PHIPS Act. Equally, compensation would not be payable in respect of the superannuation sector noting section 349B of the SIS Act.

15. In this Prudential Standard, unless the contrary intention appears, a reference to an Act, Regulations, Rules or Prudential Standard is a reference to the Act, Regulations, Rules or Prudential Standard as in force from time to time.
16. Where this Prudential Standard provides for APRA to exercise a power or discretion, the power or discretion is to be exercised in writing.
17. For the purposes of this Prudential Standard:
 - (a) group – means a Level 2 group, **Level 3 group** or a group comprising the RSE licensee and all connected entities⁵ and all related bodies corporate⁶ of the RSE licensee, as relevant;⁷
 - (b) Head of a group – means a Level 2 Head or **Level 3 Head**, as relevant;
 - (c) Level 2 group – means the entities that comprise:
 - (i) **Level 2** as defined in APS 001; or
 - (ii) a Level 2 insurance group as defined in GPS 001;
 - (d) Level 2 Head – means:
 - (i) where an ADI that is a member of a Level 2 group is not a **subsidiary** of an authorised banking NOHC or another ADI, that ADI;
 - (ii) where an ADI that is a member of a Level 2 group is a subsidiary of an authorised banking NOHC, that authorised banking NOHC; or
 - (iii) the parent entity of a Level 2 insurance group as defined in GPS 001;

Adjustments and exclusions

18. APRA may adjust or exclude a specific requirement in this Prudential Standard in relation to an APRA-regulated entity.

Previous exercise of discretion

19. An APRA-regulated entity must contact APRA if it seeks to place reliance, for the purposes of complying with this Prudential Standard, on a previous exemption or other exercise of discretion by APRA under *Prudential Standard CPS 510 Governance* or *Prudential Standard SPS 510 Governance* (SPS 510).

⁵ A reference to a ‘connected entity’ has the meaning given in subsection 10(1) of the SIS Act.

⁶ A reference to a ‘related body corporate’ has the meaning given in section 50 of the *Corporations Act 2001* (Corporations Act).

⁷ For the avoidance of doubt, a reference to ‘group’ also includes a group as defined in APS 001; For an RSE licensee, ‘group’ includes where an RSE licensee is part of a corporate group.

Definitions

20. The following definitions are used in this Prudential Standard:

- (a) Board – for an RSE licensee, means a reference to the Board of directors or group of individual trustees of an RSE licensee where ‘group of individual trustees’ has the meaning given in subsection 10(1) of the SIS Act;
- (b) clawback – means the recovery of an amount corresponding to some or all variable remuneration subject to recovery that has been paid or vested to a person;
- (c) conduct risk – means the risk associated with misconduct;
- (d) consequence management – means the approach to managing performance, risk and conduct outcomes, which may include downward adjustments to variable remuneration;
- (e) executive director – means a **director** that is not a non-executive director;
- (f) financial measures – means measures that are based on revenue, sales, profit, the entity’s share price, or other measures that directly affect these;
- (g) highly paid material risk-taker – means a material risk-taker whose total fixed remuneration (which includes salary, superannuation, allowances and benefits) plus actual variable remuneration is equal to or greater than 1 million AUD in a financial year of the entity;
- (h) in-period adjustment – means an adjustment made to variable remuneration during the period set for measuring the performance under a variable remuneration arrangement;
- (i) independent director – means a director defined as independent in *Prudential Standard CPS 510 Governance* and in subsection 10(1) of the SIS Act;
- (j) malus – means an adjustment to reduce the value of all or part of deferred variable remuneration before it has vested;
- (k) material risk-taker – means a person whose activities have a material potential impact on the entity’s risk profile, performance and long-term soundness, and in addition for an RSE licensee, means a person whose activities have a material potential impact on performing its duties and exercising its powers in the best financial interests of beneficiaries;
- (l) misconduct – means an action or inaction by a person covered by an entity’s remuneration policy that does not meet applicable:
 - (i) legal and prudential obligations;
 - (ii) requirements or standards of a recognised professional body; or

- (iii) policies and procedures covering conduct and ethical standards set by the entity;
- (m) non-executive director – has the meaning given in *Prudential Standard CPS 510 Governance* and for an RSE licensee, *Prudential Standard SPS 510 Governance*;
- (n) non-financial measures – means measures that are not financial measures;
- (o) non-significant financial institution (non-SFI) – means, in relation to RSE licensees, an RSE licensee that is not an SFI;⁸
- (p) relevant oversight function – means for foreign ADIs and Category C insurers, the senior officer outside Australia, and for EFLICs, the Compliance Committee;
- (q) remuneration arrangement – means an arrangement that includes measures of performance, the mix of forms of remuneration (such as fixed and variable components, and cash and equity-related benefits) and the timing of eligibility to receive payments. All forms of remuneration are captured by this Prudential Standard, regardless of where, or from whom, the remuneration is sourced;
- (r) remuneration framework – means the totality of systems, structures, policies, processes and people within an entity that identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of risks relating to remuneration;
- (s) risk and financial control personnel – means persons whose primary role is in risk management, compliance, internal audit, financial control or actuarial control;
- (t) senior manager –
 - (i) in relation to ADIs, has the meaning given in the Banking Act;
 - (ii) in relation to general insurers, has the meaning given in the Insurance Act;
 - (iii) in relation to life insurers, has the meaning given in the Life Insurance Act;
 - (iv) in relation to private health insurers, means any person specified in paragraph (c) of the definition of officer in the PHIPS Act; and
 - (v) in relation to RSE licensees, has the meaning given in *Prudential Standard SPS 520 Fit and Proper*;

⁸ APS 001, GPS 001, LPS 001 and HPS 001 define this term in relation to other APRA-regulated entities.

- (u) significant financial institution (SFI) – means, in relation to RSE licensees, an RSE licensee that either:
 - (i) has total assets in excess of AUD \$30 billion in the case of a single RSE operated by an RSE licensee, or if the RSE licensee operates more than one RSE where the combined total assets of all RSEs exceed this amount; or
 - (ii) is determined as such by APRA, having regard to matters such as complexity in its operations or its membership of a group;⁹
- (v) specified role – means a person who is a senior manager, executive director, material risk-taker (including highly-paid material risk-takers) and risk and financial control personnel;
- (w) third-party service provider – means an entity that provides, under a compensation arrangement, a service to an APRA-regulated entity that is not a related body corporate or connected entity of the APRA-regulated entity;
- (x) variable remuneration – means the amount of a person’s total remuneration that is conditional on objectives, which include performance criteria, service requirements or the passage of time; and
- (y) vesting – means, in relation to variable remuneration, the process by which a person becomes the legal owner of the variable remuneration.

A. Requirements for SFIs

Remuneration framework

21. An APRA-regulated entity must maintain a remuneration framework that:
 - (a) aligns with the entity’s business plan, strategic objectives and risk management framework;¹⁰
 - (b) promotes effective management of both financial and non-financial risks, sustainable performance and the entity’s long-term soundness;
 - (c) for an RSE licensee, promotes performing its duties and exercising its powers in the best financial interests of beneficiaries; and
 - (d) supports the prevention and mitigation of conduct risk.
22. The remuneration framework must include a documented remuneration policy which at minimum sets out:

⁹ APS 001, GPS 001, LPS 001 and HPS 001 define this term in relation to other APRA-regulated entities.

¹⁰ As required under *Prudential Standard CPS 220 Risk Management* and for an RSE licensee *Prudential Standard SPS 220 Risk Management*.

- (a) how the remuneration framework addresses paragraph 21 of this Prudential Standard;
- (b) at a high level, the structure and terms of remuneration arrangements that apply to a person who is:
 - (i) employed directly by the APRA-regulated entity;
 - (ii) retained directly by the APRA-regulated entity under contract; and
 - (iii) employed by, or is a contractor of a body corporate (including a service company) that is a related body corporate or connected entity, of the APRA-regulated entity;
- (c) the approach to identify and mitigate material conflicts to the objectives of the remuneration framework, as specified in paragraph 21 of this Prudential Standard, that may result from third-party service provider compensation arrangements; and
- (d) the systems and processes that support the implementation of the entity's remuneration arrangements, including those that cover the assessment and management of performance, conduct and consequences.

Role of the Board

- 23. The Board, or relevant oversight function, of an APRA-regulated entity is ultimately responsible for the entity's remuneration framework and its effective application.
- 24. The Board, or relevant oversight function, must approve the remuneration policy required under paragraph 22 of this Prudential Standard.
- 25. The Board must establish a Board Remuneration Committee that:
 - (a) oversees the design, operation and monitoring of the remuneration framework;
 - (b) is appropriately composed to enable it to exercise competent and independent judgment when fulfilling requirements under paragraph 25(a) above; and
 - (c) has the powers necessary to perform its functions.

Board Remuneration Committee

- 26. The Board Remuneration Committee must have at least three members and all members must be non-executive directors of the entity.
- 27. For an entity that is not an RSE licensee, a majority of members of the Committee must be independent and the chairperson of the Committee must be an independent director of the entity.

28. For an RSE licensee, the chairperson of the Board may sit on the Board Remuneration Committee, but may not chair the Committee except where the chairperson of the Board is the only independent director on the Board.
29. The Board Remuneration Committee must have a written charter that sets out its roles, responsibilities and terms of operation.
30. The Board Remuneration Committee, or relevant oversight function, must consult the Board Risk Committee¹¹ and Chief Risk Officer or person in a similar role, to enable risk outcomes to be appropriately reflected in remuneration outcomes for persons in specified roles. This consultation must follow a documented process.
31. The Board Remuneration Committee, or relevant oversight function, must obtain comprehensive reporting that will allow it to determine whether remuneration outcomes of all remuneration arrangements align with paragraph 21 of this Prudential Standard.
32. The Board Remuneration Committee, or relevant oversight function, in carrying out its duties must:
 - (a) have free and unfettered access to other Board committees;
 - (b) have free and unfettered access to risk and financial control personnel and other relevant parties (internal and external); and
 - (c) if choosing to engage third-party experts, have the power to do so in a manner that ensures that the engagement, including any advice received, is independent.

Remuneration design

33. An APRA-regulated entity must design all variable remuneration arrangements to align with paragraph 21 of this Prudential Standard and must incorporate in its variable remuneration arrangements:
 - (a) financial and non-financial risks that could materially impact the entity's risk profile, sustainable performance, long-term soundness, and in addition for an RSE licensee, those risks that could materially impact on performing its duties and exercising its powers in the best financial interests of beneficiaries;
 - (b) 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

¹¹ For an RSE licensee, as set out in SPS 510, another Board Committee may carry out this function with respect to risk management. Consultation with a Board Risk Committee does not apply to a foreign ADI or Category C insurer.

- (c) appropriate variable remuneration adjustment tools, that include but are not 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:
 - (i) with clearly identified triggers to make a downward-adjustment;
 - (ii) that determines the appropriate adjustment tools to use; and
 - (iii) that determines the amount of downward-adjustment, proportionate to the severity of risk and conduct outcomes, to nil if appropriate.
- 34. The determination of each component of a person's variable remuneration must:
 - (a) give material weight to non-financial measures¹² where the remuneration is performance related; and
 - (b) be adjusted downwards, potentially to nil, for adverse risk and conduct outcomes, based on clearly defined risk criteria, as specified in paragraph 37 below.
- 35. An APRA-regulated entity must subject a person's variable remuneration arrangement to malus.
- 36. An APRA-regulated entity must also subject the variable remuneration arrangement of a senior manager, executive director or a highly-paid material risk-taker to clawback. Clawback arrangements must include the following features:
 - (a) a period of at least two years from the date of payment or vesting of variable remuneration within which clawback may apply; and
 - (b) the application of clawback whether or not the employment or engagement of the person has ceased.
- 37. An APRA-regulated entity must set specific criteria for the application of variable remuneration adjustment tools, including at least the following:
 - (a) misconduct leading to significant adverse outcomes;
 - (b) a significant failure of financial or non-financial risk management;
 - (c) a significant failure or breach of accountability, fitness and propriety, or compliance obligations;
 - (d) a significant error or a significant misstatement of criteria on which the variable remuneration determination was based; and

¹² No component of variable remuneration may be entirely dependent on share price performance or profitability.

- (e) significant adverse outcomes for customers, beneficiaries or counterparties.
38. An APRA-regulated entity must take reasonable steps to appropriately adjust variable remuneration downwards when, as a minimum, any of the criteria specified in paragraph 37 are satisfied. The total downward-adjustment to variable remuneration must be proportionate to the severity of the risk and conduct outcome.
 39. In circumstances involving a person under investigation for criteria specified in paragraph 37, variable remuneration must not vest until the investigation is closed.
 40. An APRA-regulated entity must take appropriate steps to assess and mitigate conflicts of interest in the design of its remuneration arrangements, including conflicts that may arise from service contracts.

Deferral

41. An APRA-regulated entity must defer variable remuneration as follows:
 - (a) for a Chief Executive Officer (CEO), at least 60 per cent of the CEO's total variable remuneration must be deferred over a minimum deferral period of six years, vesting no faster than on a pro-rata basis and only after four years;
 - (b) for a senior manager and executive director other than a CEO, at least 40 per cent of that person's total variable remuneration must be deferred over a minimum deferral period of five years, vesting no faster than on a pro-rata basis and only after four years; and
 - (c) for a highly-paid material risk-taker who is not a senior manager, at least 40 per cent of that person's total variable remuneration must be deferred over a minimum deferral period of four years, vesting no faster than on a pro-rata basis and only after two years.
42. The deferral period must include the period over which performance is assessed. The deferral period must also include any required service, retention and holding periods.
43. Paragraph 41 does not apply in respect of any person with deferred variable remuneration of less than AUD \$50,000 in a financial year of the APRA-regulated entity.

Remuneration outcomes

44. An APRA-regulated entity must:
 - (a) align variable remuneration outcomes with performance and risk outcomes; and

- (b) reflect the appropriate application of variable remuneration adjustment tools in variable remuneration outcomes, as specified in paragraph 33(c) of this Prudential Standard.
45. An APRA-regulated entity may only pay or vest variable remuneration to a person if payment or vesting:
- (a) supports the entity's compliance with paragraph 21 of this Prudential Standard;
 - (b) is justified on the basis of the effectiveness of risk management of the entity and the relevant business unit; and
 - (c) is justified on the basis of the performance of the person, the relevant business unit and the entity.
46. An APRA-regulated entity's variable remuneration outcomes must link to and be supported by the entity's performance management system, code of conduct and consequence management processes.
47. An APRA-regulated entity must not accelerate the vesting of unvested variable remuneration for a person in a specified role no longer employed or engaged by the entity, unless specific exceptions¹³ have been included in the remuneration policy. If that person is eligible for any unvested variable remuneration, it must be subject to the same vesting conditions as those for a person employed or engaged by the entity.

Specified roles

48. An APRA-regulated entity must prudently manage the variable remuneration arrangements of all persons in specified roles.
49. The Board Remuneration Committee, or relevant oversight function, must provide clear guidance to senior management on its expectations in determining the appropriate level and timing of risk adjustment to the variable remuneration outcomes for persons in specified roles.
50. The Board Remuneration Committee must make recommendations to the Board annually on the remuneration arrangements and variable remuneration outcomes for persons in specified roles as follows:
- (a) individually for senior managers and executive directors;¹⁴ and
 - (b) on a cohort basis for highly-paid material risk-takers, other material risk-takers and risk and financial control personnel.

¹³ For the purposes of paragraph 47 of this Prudential Standard, a reference to 'specific exceptions' is limited to death, serious incapacity, serious disability and serious illness.

¹⁴ For the avoidance of doubt, paragraph 50(a) of this Prudential Standard applies to a senior manager who is a senior officer outside Australia of a foreign ADI or of a Category C insurer.

51. When forming its recommendations under paragraph 50 of this Prudential Standard, the Board Remuneration Committee must:
- (a) obtain sufficient information to enable remuneration outcomes to be commensurate with performance and risk outcomes; and
 - (b) determine whether the variable remuneration arrangement, individually and on a cohort basis:
 - (i) is appropriate to meet its intended purpose and expected remuneration outcomes; and
 - (ii) supports the entity's compliance with paragraph 21 of this Prudential Standard.
52. The Board, or relevant oversight function, must approve the variable remuneration outcomes for persons in specified roles as follows:
- (a) individually for senior managers and executive directors;¹⁵ and
 - (b) on a cohort basis for highly-paid material risk-takers, other material risk-takers and risk and financial control personnel.
53. The variable remuneration arrangements for risk and financial control personnel must:
- (a) reflect the independence and authority of those personnel in carrying out their functions;
 - (b) reflect the purpose of their functions; and
 - (c) not be unduly influenced by the performance of the business activities they control.

Review of the remuneration framework

54. An APRA-regulated entity must review compliance of the remuneration framework against the requirements of this Prudential Standard at least annually.
55. In addition to the annual review of compliance, the effectiveness of the remuneration framework must be subject to a comprehensive review by operationally independent, appropriately experienced and competent persons at least every three years.
56. An APRA-regulated entity must document and report the results of the reviews required under paragraphs 54 and 55 of this Prudential Standard to the Board Remuneration Committee, or relevant oversight function, in a timely manner.

¹⁵ Paragraph 52(a) of this Prudential Standard does not apply to a senior manager who is a senior officer outside Australia of a foreign ADI or of a Category C insurer.

The Board Remuneration Committee, or relevant oversight function, must take appropriate and timely action to ensure the findings of these reviews are adequately considered and addressed.

57. An APRA-regulated entity's effectiveness review required under paragraph 55 of this Prudential Standard must assess:
- (a) compliance of the remuneration framework with paragraph 21 of this Prudential Standard;
 - (b) whether the remuneration framework and its elements are operating as intended;
 - (c) whether the design of the remuneration framework is appropriate and fit for purpose; and
 - (d) the alignment of remuneration outcomes with the performance and risk outcomes achieved.
58. Where an APRA-regulated entity identifies a material change to the size, business mix and complexity of the operations outside the review required in paragraph 55, it must consider and address the need to amend or review the remuneration framework to take account of these developments at that time.

Other requirements

59. In relation to the requirements for a Board Remuneration Committee and remuneration policy, where an APRA-regulated entity is part of a group, or corporate group in the case of a private health insurer, the Board of the APRA-regulated entity may:
- (a) use a group Board Remuneration Committee as the Board Remuneration Committee for the APRA-regulated entity, provided that:
 - (i) the requirements set out in this Prudential Standard are met;
 - (ii) all members of the group Board Remuneration Committee are non-executive directors of the Head of the group in the context of an ADI, general insurer or life company;¹⁶ and
 - (iii) the Board of the entity has free and unfettered access to the group Board Remuneration Committee; and
 - (b) adopt and apply a group remuneration policy that is also used by a related body corporate or a connected entity provided that the group remuneration policy:
 - (i) meets the requirements of this Prudential Standard;

¹⁶ In the case of a private health insurer, all members of the group Board Remuneration Committee must also be non-executive directors of the Head of the corporate group.

- (ii) has been approved by the Board or relevant oversight function; and
 - (iii) gives appropriate regard to the entity's business activities, its specific requirements and its remuneration framework.
- 60. An APRA-regulated entity may apply to APRA for approval of alternative Board Remuneration Committee arrangements that meet the objectives of this Prudential Standard. APRA may approve alternative arrangements for the entity if satisfied that those arrangements will, in APRA's opinion, achieve the objectives of this Prudential Standard.
- 61. Except in circumstances permitted by law, an APRA-regulated entity must not pay any remuneration (whether directly or indirectly) to, or for the benefit of, a person through vehicles or methods that undermine the effect or intent of the requirements of this Prudential Standard. An APRA-regulated entity must at minimum prevent the following:
 - (a) the entity indemnifying or insuring (whether directly or through arrangements with another person) the relevant person against the consequences of:
 - (i) breaching an obligation under this Prudential Standard; or
 - (ii) applying in-period adjustment, malus or clawback under this Prudential Standard; and
 - (b) hedging by any person in a specified role who receives equity or equity-linked deferred variable remuneration, of their economic exposure to the resultant equity price risk before the equity-linked remuneration is fully vested and able to be sold for cash by the recipient. The entity must have a prohibition for such hedging, whether in its remuneration policy, contractual or other documentation, and, define and document the process and actions to be taken where any person in a specified role is in breach of the prohibition.
- 62. Paragraph 61 does not apply in respect of a liability for legal costs.

Disclosures

- 63. An APRA-regulated entity must make clear, comprehensive, meaningful, consistent and comparable public disclosure of information on its remuneration framework and practices, as set out in this Prudential Standard.
- 64. An APRA-regulated entity must publish the disclosures required under this Prudential Standard in a standalone document on its website or, provided the information is clearly identified as disclosures made for the purpose of complying with the requirements of this Prudential Standard, as part of other disclosures made by the entity that are available on its website. Tables 2, 3 and 4, must be disclosed in a machine-readable format to facilitate the use of the data, such as in the form of a comma-separated values (CSV) file.

65. An APRA-regulated entity must make disclosures on a financial year basis for each full financial year of the APRA-regulated entity. For the purposes of disclosures, relevant employees must be counted on a full-time equivalent basis.
66. An APRA-regulated entity must make the disclosures under this Prudential Standard as soon as possible after it lodges its annual financial statements with the Australian Securities and Investments Commissions (ASIC), and not more than six months after the end of the financial year to which the disclosures relate. If an entity is not required to lodge financial statements with ASIC, it must make the required disclosures not more than six months after the end of the financial year to which the disclosures relate.
67. For the purposes of disclosing Tables 2, 3 and 4:
 - (a) where a person in a specified role is a material risk-taker and a senior manager or executive director, they must be disclosed as part of the senior manager cohort;
 - (b) where a particular cohort of specified roles, with the exception of the CEO, comprises less than five individuals, an APRA-regulated entity is not required to disclose information for that particular cohort.

Remuneration framework

68. An APRA-regulated entity must disclose information on its remuneration framework as set out in Table 1.

Table 1 Remuneration framework

Governance of the remuneration framework	
1	Name, composition and mandate of the main bodies overseeing remuneration.
2	Number of meetings held by the main bodies overseeing remuneration during the financial year.
3	An overview of reviews of the remuneration framework performed during the financial year, including any consequential changes, the reasons for those changes and the intended impact on remuneration outcomes.
4	A description of how the Board: <ol style="list-style-type: none"> (i) oversees remuneration policies; (ii) oversees the input provided by: <ul style="list-style-type: none"> - the Board Risk Committee or other Board committees; and - the risk function, including the Chief Risk Officer; and (iii) exercises its discretion in determining remuneration outcomes, including remuneration outcomes for variable remuneration awarded in prior financial years.
5	A description of external consultants whose advice has been sought on remuneration, the body by which they were commissioned and in what areas of the remuneration framework.

	Remuneration Framework
6	<p>An overview of the key features and objectives of the remuneration framework, including how it:</p> <ul style="list-style-type: none"> (i) aligns to the APRA-regulated entity’s business plan, strategic objectives and risk management framework; (ii) promotes effective management of both financial and non-financial risks, sustainable performance and long-term soundness; (iii) supports the prevention and mitigation of conduct risk; and (iv) for an RSE licensee, promotes the RSE licensee performing its duties and exercising powers in the best financial interests of beneficiaries.
7	<p>A description of the scope of the APRA-regulated entity’s remuneration policy (such as by regions or business lines), including the extent to which it is applied to foreign subsidiaries and branches (if applicable).</p>
8	<p>A description of the types of positions included in specified roles as defined in paragraph 20(v)20(u) of this Prudential Standard.</p>
9	<p>A description of how the APRA-regulated entity aligns remuneration outcomes with performance. This must include:</p> <ul style="list-style-type: none"> (i) an overview of the main financial and non-financial performance measures for the entity, key business lines, the CEO and other specified roles on a cohort basis; (ii) a description of how material weight is applied to non-financial measures in the determination of performance related variable remuneration, including the proportion (level or range) of variable remuneration that would be impacted by non-financial measures, where this is possible to define; and (iii) a discussion of how a person’s remuneration is linked to entity-wide and individual performance.
10	<p>Where no variable remuneration is offered (excluding one-off payments), a description of the method used to ensure risk management outcomes are assessed and consequence management applied in the event of a material breach or misconduct.</p>
11	<p>A description of variable remuneration of risk and financial control personnel for the financial year covering:¹⁷</p> <ul style="list-style-type: none"> (i) remuneration arrangements, including how variable remuneration arrangements reflect their independence, authority and the purpose of their functions, and are not unduly influenced by the performance of the business activities they control; (ii) the remuneration outcomes, including variable remuneration outcomes as a proportion (level or range) of fixed remuneration and the nature and proportion of any adjustments made to reflect risk performance; and

¹⁷ For the purposes of this paragraph, an APRA-regulated entity is required only to disclose information relating to those risk and financial control personnel that report directly to senior managers, rather than information on the entire cohort of risk and financial control personnel.

	(iii) any special payments made. ¹⁸
	Design of variable remuneration plans
12	<p>For the variable remuneration plans applicable to specified roles, a description of the plan design, including:¹⁹</p> <ul style="list-style-type: none"> (i) forms of remuneration offered; (ii) the persons eligible to participate in the plan, as a percentage of their respective cohort of specified role; (iii) how it is aligned with the business strategy and effective risk management; (iv) how cohort and individual outcomes are determined, including how material weight is given to non-financial measures; (v) if the mix of variable remuneration differs across persons within a specified role cohort, a description of the factors that determine the mix and their relative importance; (vi) how the variable remuneration pool (if any) is determined, including performance and risk measures used; (vii) deferral periods and vesting schedules; and (viii) any adjustment measures that may differ from Table 1, row 13.
	Deferrals and adjustments
13	<p>A description of the ways in which the APRA-regulated entity defers and adjusts variable remuneration to take account of longer-term performance, including risk performance. This must include:</p> <ul style="list-style-type: none"> (i) an overview of the processes and tools for adjusting variable remuneration, including criteria and triggers for each tool; and (ii) an overview of the policy for deferral and vesting of variable remuneration.

Remuneration outcomes

69. An APRA-regulated entity must disclose remuneration outcomes for the financial year as set out in Table 2. Disclosure for the purposes of Table 2 must be on the basis of:
- (a) current financial year awards that are not subject to conditions, and includes payments for the current financial year made following the end of the financial year; and
 - (b) prior financial year awards that satisfied all conditions during the financial year.

¹⁸ Special payments are defined in paragraph 71 of this Prudential Standard.

¹⁹ Where there may be minor variations in variable remuneration plans across specified roles, an APRA-regulated entity may disclose the plan once and note the minor variations.

Table 2 Remuneration outcomes for the financial year

	A\$m	CEO	Other senior managers	Highly paid material risk-takers	Other material risk-takers
Fixed remuneration					
1	Number of employees paid fixed remuneration	-			
2	Total fixed remuneration				
3	of which: cash-based				
4	of which: share-based awards ²⁰				
5	of which: other				
6	Average percentage increase in total fixed remuneration (row 2) on previous financial year				
Variable remuneration					
7	Number of employees eligible for variable remuneration	-			
8	Number of employees that received variable remuneration				
9	Total variable remuneration				
10	of which: cash-based				
11	of which: share-based awards				
12	of which: other				
13	Total variable remuneration (row 9) that has been deferred				
14	of which: cash-based				
15	of which: share-based awards				

²⁰ Share-based awards that are conditional on objectives, which include performance criteria, service requirements or the passage of time must be disclosed as variable remuneration.

	A\$m	CEO	Other senior managers	Highly paid material risk-takers	Other material risk-takers
16	of which: other				
17	Average percentage increase in total variable remuneration (row 9) on previous financial year				
18	Total remuneration (sum of rows 2 + 9)				

Special payments

70. An APRA-regulated entity must disclose any special payments made in the financial year as set out in Table 3.²¹
71. A special payment is a one-off :
- (a) guaranteed bonus;
 - (b) sign-on award to a newly appointed employee upon recruitment; or
 - (c) severance award made to an employee ceasing employment, excluding any statutory entitlements.

Table 3 Special payments

	A\$m	CEO	Other senior managers	Highly paid material risk-takers	Other material risk-takers
1	Number of employees paid a guaranteed bonus	-			
2	Total guaranteed bonuses				
3	Number of employees paid a sign-on award	-			
4	Total sign-on awards				
5	Number of employees paid a severance payment	-			

²¹ Exclude specific exceptions under paragraph 47 of this Prudential standard.

	A\$m	CEO	Other senior managers	Highly paid material risk-takers	Other material risk-takers
6	Total severance payments				

Deferred and adjusted variable remuneration

72. An APRA-regulated entity must disclose deferred and adjusted variable remuneration in Table 4. Disclosures for the purposes of Table 4 must include:

- (a) for column A: total deferred variable remuneration net of downward-adjustments as at the end of the financial year. This must reflect current financial year awards and prior financial years’ awards that have not yet satisfied all conditions; and
- (b) for column B: total paid and vested variable remuneration outcomes (i.e. not deferred) net of downward adjustments during the financial year. This must reflect current financial year payments and awards that are no longer subject to conditions (this includes payments and awards for the current financial year made following the end of the financial year); and prior financial years’ awards that satisfied all conditions during the financial year. This excludes deferred amounts; and
- (c) for column C: total downward adjustments applied to variable remuneration that have been included under columns A and B during the financial year.

73. For each of the cohort of specified roles in Table 4, an APRA-regulated entity must provide a description of the main triggers leading to downward-adjustments to variable remuneration as a result of consequence management.

Table 4 Deferred and adjusted variable remuneration

	A\$m	A Total amount of outstanding deferred variable remuneration post adjustments	B Total amount of variable remuneration not deferred post adjustments	C Total amount of downward adjustments to variable remuneration reported in columns A and B
CEO				
1	Total CEO			
2	of which: cash			

	A\$ m	A Total amount of outstanding deferred variable remuneration post adjustments	B Total amount of variable remuneration not deferred post adjustments	C Total amount of downward adjustments to variable remuneration reported in columns A and B
3	of which: share-based awards			
4	of which: other			
Other senior managers				
5	Total other senior managers			
6	of which: cash			
7	of which: share-based awards			
8	of which: other			
Highly paid material-risk takers				
9	Total highly paid material risk-takers			
10	of which: cash			
11	of which: share-based awards			
12	of which: other			
Other material risk-takers				
13	Total other material risk-takers			
14	of which: cash			
15	of which: share-based awards			
16	of which: other			
17	Total (sum of rows 1 + 5 + 9 + 13)			

B. Requirements for Non-SFIs

Remuneration framework

74. An APRA-regulated entity must maintain a remuneration framework that:
- (a) aligns with the entity's business plan, strategic objectives and risk management framework;²²
 - (b) promotes effective management of both financial and non-financial risks, sustainable performance and the entity's long-term soundness;
 - (c) for an RSE licensee, promotes performing its duties and exercising its powers in the best financial interests of beneficiaries; and
 - (d) supports the prevention and mitigation of conduct risk.
75. The remuneration framework must include a documented remuneration policy which at minimum sets out:
- (a) how the remuneration framework addresses paragraph 74 of this Prudential Standard;
 - (b) at a high level, the structure and terms of remuneration arrangements that apply to a person who is:
 - (i) employed directly by the APRA-regulated entity;
 - (ii) retained directly by the APRA-regulated entity under contract; and
 - (iii) employed by, or is a contractor of a body corporate (including a service company) that is a related body corporate or connected entity, of the APRA-regulated entity;
 - (c) the approach to identify and mitigate material conflicts to the objectives of the remuneration framework, as specified in paragraph 74 of this Prudential Standard, that may result from third-party service provider compensation arrangements; and
 - (d) the systems and processes that support the implementation of the entity's remuneration arrangements, including those that cover the assessment and management of performance, conduct and consequences.

Role of the Board

76. The Board, or relevant oversight function, of an APRA-regulated entity is ultimately responsible for the entity's remuneration framework and its effective application.

²² As required under *Prudential Standard CPS 220 Risk Management* and for an RSE licensee *Prudential Standard SPS 220 Risk Management*.

77. The Board, or relevant oversight function, must approve the remuneration policy required under paragraph 75 of this Prudential Standard.

Remuneration design

78. An APRA-regulated entity must design all variable remuneration arrangements to align with paragraph 74 of this Prudential Standard and must incorporate in its variable remuneration arrangements:
- (a) financial and non-financial risks that could materially impact the entity's risk profile, sustainable performance, long-term soundness, and in addition for an RSE licensee, those risks that could materially impact on performing its duties and exercising its powers in the best financial interests of beneficiaries;
 - (b) 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
 - (c) appropriate variable remuneration adjustment tools, that include but are not 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:
 - (i) with clearly identified triggers to make a downward-adjustment;
 - (ii) that determines the appropriate adjustment tools to use; and
 - (iii) that determines the amount of downward-adjustment, proportionate to the severity of risk and conduct outcomes, to nil if appropriate.
79. An APRA-regulated entity must subject a person's variable remuneration arrangement to malus.
80. An APRA-regulated entity must set specific criteria for the application of variable remuneration adjustment tools, including at least the following:
- (a) misconduct leading to significant adverse outcomes;
 - (b) a significant failure of financial or non-financial risk management;
 - (c) a significant failure or breach of accountability, fitness and propriety, or compliance obligations;
 - (d) a significant error or a significant misstatement of criteria on which the variable remuneration determination was based; and
 - (e) significant adverse outcomes for customers, beneficiaries or counterparties.
81. An APRA-regulated entity must take reasonable steps to appropriately adjust variable remuneration downwards when, as a minimum, any of the criteria

specified in paragraph 80 are satisfied. The total downward-adjustment to variable remuneration must be proportionate to the severity of the risk and conduct outcome.

82. In circumstances involving a person under investigation for criteria specified in paragraph 80, variable remuneration must not vest until the investigation is closed.
83. An APRA-regulated entity must take appropriate steps to assess and mitigate conflicts of interest in the design of its remuneration arrangements, including conflicts that may arise from service contracts.
84. Despite paragraph 4, a foreign ADI, Category C insurer or EFLIC with total assets in excess of the threshold set out in the definition of SFI under APS 001, GPS 001 or LPS 001 respectively must defer variable remuneration of highly-paid material risk-takers in accordance with paragraphs 41(c), 42 and 43 of this Prudential Standard.

Remuneration outcomes

85. An APRA-regulated entity must:
 - (a) align variable remuneration outcomes with performance and risk outcomes; and
 - (b) reflect the appropriate application of variable remuneration adjustment tools in variable remuneration outcomes, as specified in paragraph 78(c) of this Prudential Standard.
86. An APRA-regulated entity must not accelerate the vesting of unvested variable remuneration for a person in a specified role no longer employed or engaged by the entity, unless specific exceptions²³ have been included in the remuneration policy. If that person is eligible for any unvested variable remuneration, it must be subject to the same vesting conditions as those for a person employed or engaged by the entity.

Specified roles

87. The Board, or relevant oversight function, must approve the variable remuneration outcomes for persons in specified roles as follows:
 - (a) individually for senior managers and executive directors,²⁴ and
 - (b) on a cohort basis for highly-paid material risk-takers, other material risk-takers and risk and financial control personnel.

²³ For the purposes of paragraph 86 of this Prudential Standard, a reference to ‘specific exceptions’ is limited to death, serious incapacity, serious disability and serious illness.

²⁴ Paragraph 87(a) of this Prudential Standard does not apply to a senior manager who is a senior officer outside Australia of a foreign ADI or Category C insurer.

Other requirements

88. In relation to the requirements for a remuneration policy, where an APRA-regulated entity is part of a group, or corporate group in the case of a private health insurer, the Board of the APRA-regulated entity may adopt and apply a group remuneration policy that is also used by a related body corporate or a connected entity provided that the group remuneration policy:
- (a) meets the requirements of this Prudential Standard;
 - (b) has been approved by the Board or relevant oversight function; and
 - (c) gives appropriate regard to the entity's business activities, its specific requirements and its remuneration framework.
89. Except in circumstances permitted by law, an APRA-regulated entity must not pay any remuneration (whether directly or indirectly) to, or for the benefit of, a person through vehicles or methods that undermine the effect or intent of the requirements of this Prudential Standard. An APRA-regulated entity must at minimum prevent the following:
- (a) the entity indemnifying or insuring (whether directly or through arrangements with another person) the relevant person against the consequences of:
 - (i) breaching an obligation under this Prudential Standard; or
 - (ii) applying in-period adjustment, malus or clawback under this Prudential Standard; and
 - (b) hedging by any person in a specified role who receives equity or equity-linked deferred variable remuneration, of their economic exposure to the resultant equity price risk before the equity-linked remuneration is fully vested and able to be sold for cash by the recipient. The entity must have a prohibition for such hedging, whether in its remuneration policy, contractual or other documentation, and, define and document the process and actions to be taken where any person in a specified role is in breach of the prohibition.
90. Paragraph 89 does not apply in respect of a liability for legal costs.

Disclosures

91. An APRA-regulated entity must make clear, comprehensive, meaningful, consistent and comparable public disclosure of information on its remuneration framework and practices, as set out in this Prudential Standard.
92. An APRA-regulated entity must publish the disclosures required under this Prudential Standard in a standalone document on its website or, provided the information is clearly identified as disclosures made for the purpose of complying with the requirements of this Prudential Standard, as part of other disclosures made by the entity that are available on its website.

93. An APRA-regulated entity must make disclosures on a financial year basis for each full financial year of the APRA-regulated entity.
94. An APRA-regulated entity must make the disclosures under this Prudential Standard as soon as possible after it lodges its annual financial statements with ASIC and not more than six months after the end of the financial year to which the disclosures relate. If an entity is not required to lodge financial statements with ASIC, it must make the required disclosures not more than six months after the end of the financial year to which the disclosures relate.
95. APRA may determine that a non-SFI comply with the quantitative disclosure requirements set out in paragraphs 63 to 73 of this Prudential Standard.²⁵

Qualitative disclosures

96. An APRA-regulated entity must disclose information on the governance of the remuneration framework. This must include:
 - (a) information on the main bodies that oversee remuneration and the number of meetings held by those bodies during the financial year;
 - (b) information on how the Board exercises its discretion in determining remuneration outcomes; and
 - (c) a description of how the Board oversees remuneration policies and the input provided by the Board Risk Committee, other Board committees, or the risk function, including the Chief Risk Officer.
97. An APRA-regulated entity must disclose information on the design and structure of its remuneration framework. This must include a description of how it:
 - (a) aligns to the entity's business plan, strategic objectives and risk management framework;
 - (b) promotes the effective management of both financial and non-financial risks, sustainable performance and long-term soundness;
 - (c) supports the prevention and mitigation of conduct risk; and
 - (d) for an RSE licensee, promotes the RSE licensee performing its duties and exercising powers in the best financial interests of beneficiaries.
98. An APRA-regulated entity must disclose information on its remuneration policy, including:
 - (a) how the entity aligns variable remuneration outcomes with performance, where relevant;

²⁵ Refer to paragraph 4 of this Prudential Standard.

- (b) a description of the types of positions included in specified roles, as defined in paragraph 20(v) of this Prudential Standard;
- (c) how consequence management is applied in the event of a material breach or misconduct;
- (d) a description of the different forms of variable remuneration offered to employees in specified roles and the rationale for using these different forms (if offered);
- (e) where no variable remuneration is offered (excluding one-off payments), a description of the method used to ensure risk management outcomes are assessed and consequence management applied in the event of a material breach or misconduct; and
- (f) a description of the ways in which the APRA-regulated entity defers and adjusts variable remuneration to take account of longer-term performance, including risk performance.