

## Organisation

This Charter governs the operations of the Remuneration Committee (Committee) of the board of directors (**Board**) of The Hospitals Contribution Fund of Australia Limited (HCF).

Where capitalised terms are used in this Charter, they will have the meanings given to them in the constitution of HCF (Constitution), unless the contrary intention appears.

### *Membership*

The Committee must be comprised of three independent directors one of whom will be the Chairman. The members of the Committee (other than the Chairman) must be experienced in remuneration practices of Australian public companies. An Independent Director is a Director who, in the opinion of the Directors, is independent in accordance with the criteria set out in Schedule 5 to the Constitution. Under Rule 5.7.2 of the Constitution, the Chairman must be an Independent Director.

The Committee will be chaired by the Chairman.

Each member of the Committee (other than the Chairman) will serve as a member of the Committee for a maximum term of three years.

### *Purpose*

The Committee shall advise and provide assistance to the Board in fulfilling its corporate governance responsibilities in relation to the remuneration and performance incentives of the senior executives (including the Chief Executive Officer) and directors of the HCF group (Group) and their relationship to achieving the Group's business goals.

The Committee is required to seek independent, expert advice from qualified professionals experienced in remuneration matters in Australia with special reference to not for profit organizations without share capital to assist in determining the most effective and efficient performance linked remuneration policies with which to attract and retain senior executives (including the Chief Executive Officer) and directors with the skill expertise and experience needed to achieve the objectives of the Group and, in the case of Directors (other than Continuing Directors), satisfy the Director Eligibility Criteria.

### *Meetings*

The Committee shall meet at least twice each calendar year. The purpose of these meetings shall be to:

1. Review current remuneration levels of senior executives and directors
2. Interview and question independent experts on remuneration matters
3. Review and recommend to the Board approval of compensation scales
4. Review the performance of senior executives (including the Chief Executive Officer) and directors
5. Recommend the remuneration including any performance linked incentives of the senior executives (including Chief Executive Officer) and directors

The Committee may request the Chief Executive Officer to attend meetings, furnish information and answer questions as it considers necessary.

Meetings shall be formally structured, held in appropriate facilities with agendas, supporting papers and minutes of prior meetings distributed sufficiently in advance.

## Duties and Responsibilities

### *Understanding the business*

The Committee shall ensure it understands the Group's structure, accountability, management responsibilities and, performance measures, the nature and quantum of emoluments prevalent in the employment marketplace, and the remuneration practices of public companies and not for profit organisations.

### *Oversight*

The Committee is responsible for the overall development and management of business processes associated with attracting, motivating and retaining senior executives and directors with the most appropriate skills, expertise and experience, and in the case of Directors (other than Continuing Directors), who satisfy the director Eligibility Criteria.

The Committee shall select the persons independent of the Group best able to advise on remuneration matters. The persons selected must have sufficient qualifications, knowledge and experience to support their status as experts. The Committee shall also select the persons/firm best able to advise it on legal matters concerning remuneration of senior executives and directors.

The Committee shall determine the appropriate role/position evaluation methodology, remuneration scales, incentive schemes, retirement benefits, performance appraisal techniques, training/development programs, succession plans and conditions of service of senior executives and directors which it recommends to the Board for adoption.

### *Communications with stakeholders*

The Committee shall report on its proceedings and make its recommendations to the Board.

### *Committee Performance*

The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively by reference to current best practice.