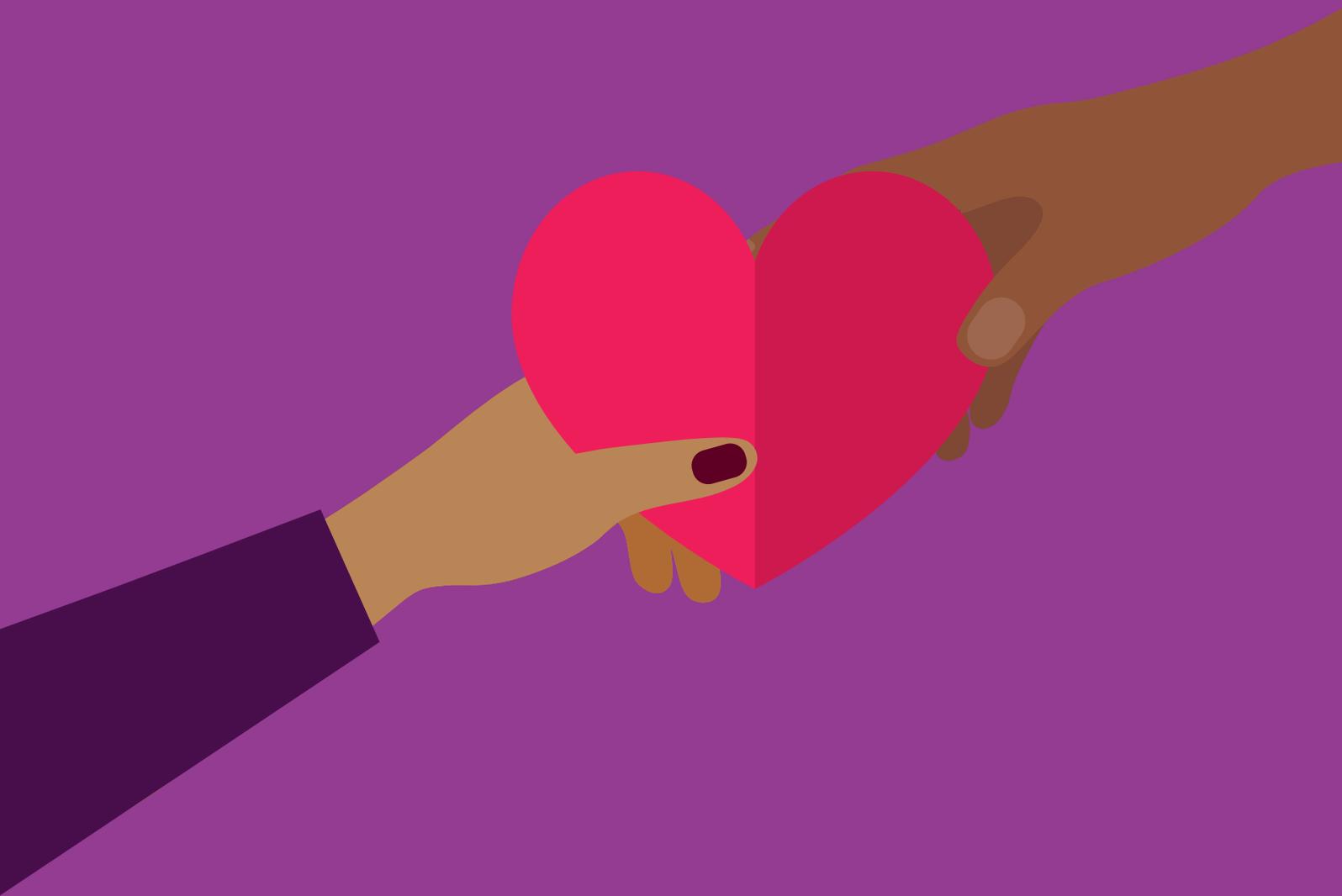


**CORPORATE  
GOVERNANCE  
STATEMENT  
FINANCIAL  
YEAR  
2022-23**

*Putting our money  
where our members are*



# MESSAGE FROM THE CHAIR



**As Australia's largest not-for-profit health fund, we are focused on giving back to our members and putting our money where our members are. For over 90 years, our mutual ethos has permeated the organisation and supports our dedication to transparency and accountability throughout the business. It also extends to a commitment to maintaining the highest standards of corporate governance.**

In a year that was underpinned by a complex operating environment and cost of living pressures, our top priority remains on the health and wellbeing of our policyholders and staff, while also responding to continuing regulatory, political and media focus on our industry. Our strong corporate governance framework supports our vision: to make healthcare understandable, affordable, high quality and member centric and our 2025 strategic pillars - Uncommon Care, Affordability and Value and Growth for Sustainability.

To facilitate HCF's growth strategy, to realise further servicing efficiencies for members from optimum scale, we will continue to consider strategic partnerships and mergers and acquisitions, over time.

Robust governance practices that support sound decision making are essential to ensure The Hospitals Contribution Fund of Australia Limited (HCF or the Company) remains resilient, financially sustainable and able to adapt quickly to changes in the broader environment, while remaining prudentially sound.

## RISK MANAGEMENT & IT GOVERNANCE

Great progress has been made with HCF's risk management maturity.

Recent independent reviews of HCF Group's Risk Management Framework and risk culture have confirmed there has been a further positive step change in risk management capability, risk maturity and the control environment, strengthening our risk culture. Results of regulatory and internal risk culture surveys and the independent audit of risk culture have been excellent. This is very pleasing and the Board remain keenly focused on this area.

There is global and industry risk around data protection, information security and cyber incidents. The Board and management have our policyholders' protection front of mind and accordingly we have increased our information security investment to ensure that our technology is fit for purpose. The Technology Advisory Committee extends and diversifies the technology skills and experience available to HCF. There have been a range of independent reviews covering regulatory compliance and quality assurance to ensure our information technology is best practice.

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*“As Australia’s largest not-for-profit health fund, we are focused on giving back to our members and putting our money where our members are.”*

## **SUSTAINABILITY PROGRESS**

We are continuing to make solid progress in executing our Board approved 2025 Sustainability Strategy. Our focus is on delivering sustainability outcomes and value for our stakeholders through improved health and social outcomes, while reducing our environmental impact. Across our journey, we’re creating value for our members, people, community and the environment.

We know that a healthy planet is important to everyone’s health and wellbeing, which is why we’re taking steps to reduce our environmental impact. This year HCF became a proud signatory of the BCCM’s Co-operatives and Mutuals Declaration of Climate Action, to work alongside our peers on accelerating action on climate change.

During the year the Board approved HCF’s Social Sustainability Framework, a key pillar of our Sustainability Strategy, which is underpinned by HCF’s Social Mission: To build healthier communities in Australia by helping to address the social determinants of health. Accordingly, we recently signed on as a major national partner with the Royal Flying Doctors Service to improve access to quality, affordable healthcare, particularly in regional and remote areas.

We also took the important step to sharpen oversight of HCF’s Sustainability Strategy, with the scope of the Board’s Risk, Compliance and Sustainability Committee expanded to include Sustainability.

## **THE BOARD & EXECUTIVE TEAM**

We remain focused on ensuring the Board continues to have the right compilation of skills and experience relevant to Australia’s largest not-for-profit health fund.

The executives and Board work together as a team to achieve our vision. Good governance is also the responsibility of management and is embedded throughout our organisation.

The composition of the Board will see an orderly transition and refresh over coming years, given HCF’s constitutional director tenure requirements. Board succession planning has been and will be a key priority - we are well ahead of the curve to ensure we maintain the high standard of complementary director skills, experience and values on the Board.

## **DIVERSITY & INCLUSION**

We understand the power of an inclusive and diverse workplace in delivering better business results. That’s why we’re committed to fostering all facets of diversity, across gender, religious background, ethnicity, sexuality, age and ability, amongst others.

Currently 44% of Non-Executive Directors on the HCF Board, 50% of the HCF Life Insurance Company Pty Ltd (HCF Life) and 66% of the Flip Insurance Pty Ltd (Flip Insurance) Boards are women, as are 67% of our Executive Management Team.

## **MAKE IT BETTER**

A major focus continues to be on designing and delivering affordable and innovative products and services.

Our Board and management are working together to continuously adapt our strategic direction to deliver an enhanced experience for policyholders and a stable platform for growth.

On behalf of our Directors, I am pleased to present the 2023 Corporate Governance Statement.



**Mark Johnson**  
Chair, HCF Board

# 1. APPROACH TO GOVERNANCE/ COMPANY PROFILES

HCF is committed to maintaining a high standard in its governance practices and seeks to:

- take a leadership role in reform impacting the industries in which it operates (supported by active participation in government/regulator relations and contributing to debates on such reforms)
- integrate best practice governance standards into its operations.

The governance practices across the HCF Group also comply with prudential standards applicable to HCF Group's Australian Prudential Regulation Authority (APRA) regulated entities.

The Board has overall responsibility for the corporate governance of the HCF Group. The Board guides and monitors the business affairs of the HCF Group.

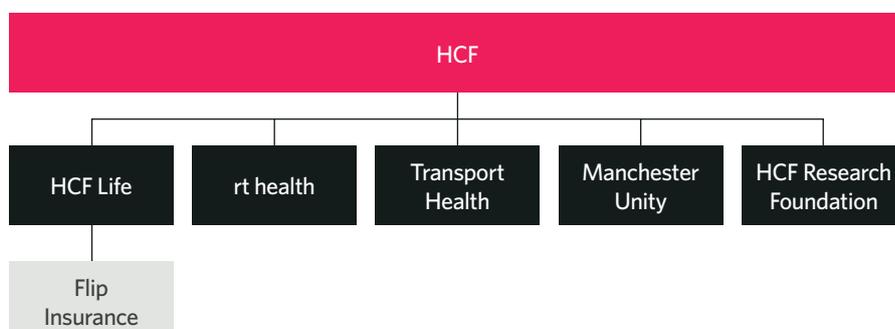
The information in this statement is current as at 30 June 2023, unless where indicated, and has been approved by the Board.

## POLICY, FRAMEWORK & APPROACH TO CORPORATE GOVERNANCE

HCF's policy on corporate governance is to promote a culture, including appropriate values and behaviours, that underpins its everyday activities, that ensures transparency and accountability and that protects stakeholder interests. It includes a commitment to best practice governance standards, which the Board sees as fundamental to achieving its strategic objectives and the sustainability of HCF's businesses and performance.

## HCF PROFILE

HCF is Australian registered (under the *Corporations Act 2001*) as a public company limited by guarantee. It is also registered under the *Private Health Insurance Act 2007* and is Australia's largest not-for-profit private health insurer.



**Figure 1:** Structure of Operating Companies within HCF Group.

The Company has no share capital and as such, no shareholders. The corporate members of the Company, known as the Councillors, are entitled under the *Corporations Act 2001* to vote at Company meetings<sup>1</sup>. Up to 16 Elected Councillors are elected by the Voting Policyholders<sup>2</sup> (or appointed by the Directors where there is a casual vacancy) and up to eight Board Councillors are appointed by the Board.

HCF is operated on a not-for-profit basis and its Constitution prohibits any distribution of surplus or assets to the Councillors. It is exempt from income tax for its health insurance business.

On 1 November 2021 HCF merged with Railway & Transport Health Fund Ltd (rt health), a not-for-profit private health insurer and public company limited by guarantee. As a result of the merger HCF acquired 100% of the share capital of Transport Health Pty Ltd (Transport Health), a for-profit private health insurer. As part of the planned integration with HCF, rt health's registration as a private health insurer was cancelled on 21 December 2022. The rt health brand now operates as a division of HCF.

HCF and Transport Health are governed by the same Board of Directors. In addition to the circumstances in which any Director may be removed or may retire by rotation, HCF's Constitution and the *Corporations Act 2001* empower the Councillors to remove any Director by ordinary resolution at a general meeting.

## HCF LIFE PROFILE

HCF Life is a wholly owned subsidiary of HCF. It has a Board of five Directors, being the HCF CEO & Managing Director and four HCF Non-Executive Directors.

HCF Life's Directors have specialised management, financial and investment management skills and experience appropriate to life insurance to meet the regulatory obligations imposed on directors of companies in the industry.

1. A reference to a member of the Company is to the meaning as defined in the *Corporations Act 2001*. It does not mean a member of the health fund, a policyholder or a contributor. Policyholders are not corporate members and have different rights under the HCF Constitution including to vote on a scheme of arrangement. Policyholders are customers of HCF, with rights and obligations under the HCF Fund Rules.

2. A Voting Policyholder includes the Directors, HCF customers who were, on or around 24 November 2011, a 'voting contributor', and HCF customers that have been a hospital cover policyholder for a continuous period of at least five years. A Voting Policyholder can participate in an election of Elected Councillors.

## FLIP INSURANCE PROFILE

In 2021 we launched Flip Insurance, a wholly owned subsidiary of HCF Life. Flip Insurance was launched as part of HCF's strategy to reimagine the fundamentals of insurance and targets uninsured or under-insured Australians. This marks a significant commitment by HCF to invest in, and drive, industry innovation. It also aligns with HCF Life's strategic goal to extend the core of its business.

The core product behind Flip Insurance is designed to enable customers to obtain insurance cover for certain accidents and injuries on an "episodic" basis, or for short periods of time, to cover particular activities and events, depending on the customer's needs.

Flip Insurance forms part of HCF Life's insurance group for the purposes of APRA Prudential Standards and, for AFSL purposes, is an authorised representative of HCF Life.

Flip Insurance has a Board of three Directors, being the HCF CEO & Managing Director and two HCF Non-Executive Directors.

## COMMITTEES

The HCF and HCF Life Board each have an Audit & Finance Committee. HCF has a People, Culture & Remuneration Committee and a Risk, Compliance & Sustainability Committee. HCF Life has a Risk and Compliance Committee. The HCF Life Board has delegated relevant matters to the parent board's People, Culture & Remuneration Committee.

## MANCHESTER UNITY PROFILE

Manchester Unity Australia Ltd (Manchester Unity) is a wholly owned subsidiary of HCF.

The only material operations of Manchester Unity relate to its interest in the commercial office property Forum West at St Leonards, Sydney, NSW.

## HCF RESEARCH FOUNDATION PROFILE

HCF Research Foundation Ltd is a public company limited by guarantee and HCF is its sole member. HCF Research Foundation Ltd acts as the Corporate Trustee for the HCF Research Foundation (a charitable trust).

The Board of Directors consists of five HCF Directors (including the HCF CEO & Managing Director).

The HCF Research Foundation was originally established with donations from HCF.

The HCF Research Foundation focuses on funding health services research that can benefit HCF's policyholders and all Australians.



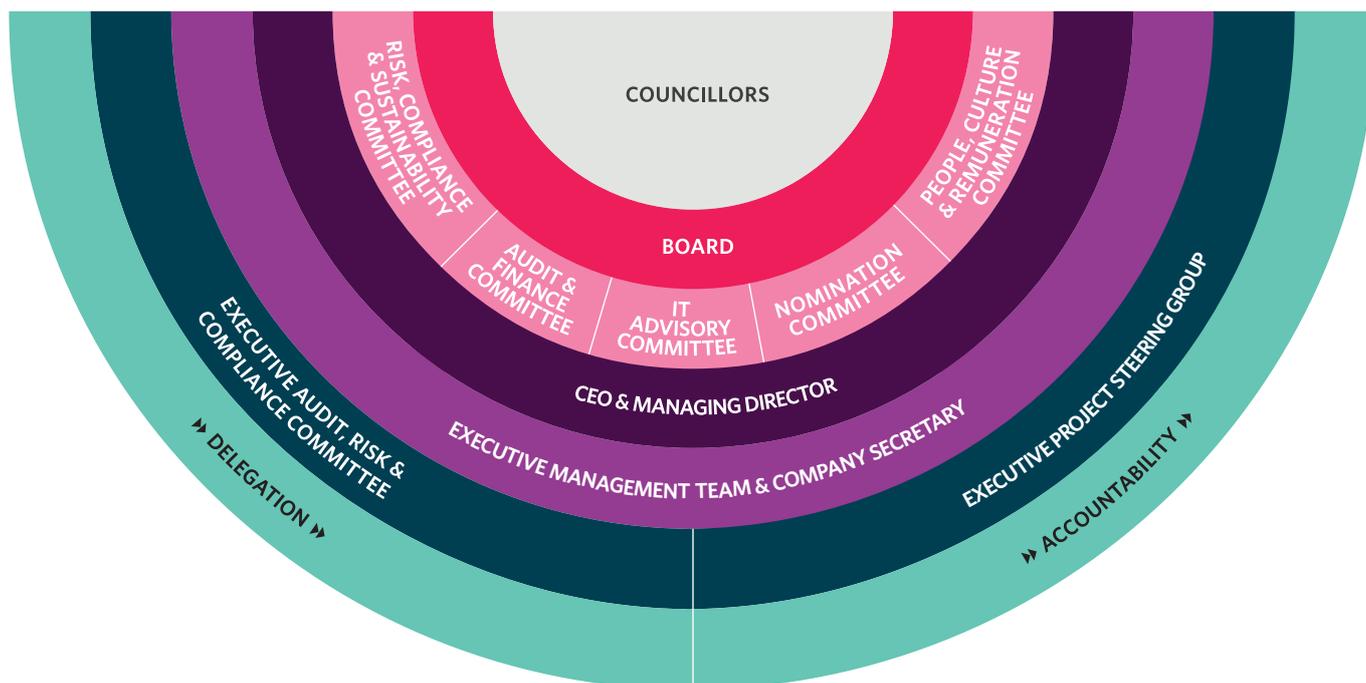
- **HCF Group** relates to all companies within the HCF Group. The operating companies within the HCF Group are currently HCF, rt health, Transport Health, HCF Life and its subsidiary Flip Insurance, HCF Research Foundation Ltd (as trustee for the HCF Research Foundation) and Manchester Unity.
- The **Board and Board Committees** in sections 2 to 11 of this Corporate Governance Statement is a reference to the Board, and Board Committees, of HCF.

**Note:** Appendix A details the corporate governance frameworks applicable to HCF Life where they differ from that of HCF.

Go to [hcf.com.au/governance](https://www.hcf.com.au/governance) for further information including copies of the Board and Board Committee charters.

# 2. GOVERNANCE FRAMEWORK & STRUCTURE

The diagram below summarises HCF’s governance framework including any matters that have been reserved for the Board and the role of the four standing Board Committees.



## COUNCILLORS

The Councillors take an active interest in the governance of HCF and as the members of the Company for the purposes of the *Corporations Act 2001*, Councillors also exercise powers that either the Act or the Constitution require to be reserved for a general meeting.

These include:

- electing and/or removing directors
- appointing and/or removing the auditors
- approving alterations to the Constitution

- changing the company type
- calling meetings and/or proposing resolutions (in limited circumstances)
- setting director remuneration and approving certain financial transactions (such as related party transactions).

As HCF is a company limited by guarantee, in the event it is wound up each Councillor undertakes to contribute up to \$2 towards the property of the Company where required. The Constitution prohibits the distribution

of any property or profit of the Company to Councillors and requires that all surplus upon winding up is given or transferred to a person or entity with similar objects to that of HCF.

## BOARD

The Board is responsible for the overall governance of the Company including ensuring the continuity of its business and long-term viability.

It formally delegates certain functions and authority to Board Committees (documented in the Board Committee charters) and management (documented in the HCF Group Delegation of Authority Policy). It retains authority for:

- strategy – setting, monitoring and revising strategic direction and performance objectives
- oversight of management – appointing/removing the CEO & Managing Director, Company Secretary, Chief Financial Officer and Chief Risk Officer; approving succession plans; and monitoring senior management performance against agreed criteria
- remuneration and performance incentives and succession plans for the CEO & Managing Director
- oversight of financial and capital matters – approving and monitoring performance against financial budgets; approving financial statements and considering the Financial Condition Report; appointing the external auditor (subject to confirmation by Councillors); appointing/removing investment advisers and the Head of Internal Audit; and reviewing, approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures and investment management
- risk management and compliance – approving the risk appetite statement and risk management and compliance frameworks; and monitoring the effectiveness of and compliance with policies governing HCF's operations (including ensuring regulatory reporting and notification requirements are met).

## AUDIT & FINANCE COMMITTEE

The Audit & Finance Committee has been established to provide an objective, non-executive review of the effectiveness of the Company's financial reporting, internal control and Risk Management Framework in accordance with legislative and regulatory requirements including:

- integrity of the financial statements and financial reporting systems
- compliance with financial reporting and related regulatory requirements including the Financial Condition Report
- fraud control
- performance and effectiveness of the assurance functions including internal audit, Appointed Actuary and External Auditor (including independence).

The Board approves the external and internal audit plans and appointments to the role of External Auditor and Appointed Actuary on recommendation of the Committee.

## RISK, COMPLIANCE & SUSTAINABILITY COMMITTEE

The primary role of the Board's Risk, Compliance & Sustainability Committee is to assess the effectiveness of the HCF Group's risk, compliance and sustainability management frameworks, including monitoring that appropriate frameworks and management accountabilities are consistently maintained.

Responsibilities include oversight and monitoring of:

- the implementation and operation of the risk management and compliance frameworks for effective management of financial and non-financial risks, and in accordance with legislative and regulatory requirements
- the operation of the framework for identifying, monitoring and managing significant business, as well as economic, environmental, sustainability and social risks
- risk culture and risk appetite
- information security
- business continuity management
- fraud control
- corporate insurance program.

## PEOPLE, CULTURE & REMUNERATION COMMITTEE

The primary role of the Board's People, Culture & Remuneration Committee is to oversee, review and make recommendations on:

- the HCF Group Remuneration Policy and practices to encourage behaviours that support long-term financial soundness and prudent risk taking
- remuneration and performance incentives of senior managers, Non-Executive Directors and other employees within the HCF Group
- conditions of service, training, development and succession plans for senior manager
- performance against the Diversity Policy including recommending appropriate changes (where required)
- workplace health and safety policies and programs including monitoring performance of the HCF Group against agreed health and safety measures
- key human resource practices, organisational engagement and culture survey results.

## NOMINATION COMMITTEE

The primary role of the Board's Nomination Committee is to oversee, review and make recommendations on:

- policies relating to the Board's composition, skills/expertise mix, strategic function and size
- performance review processes of the Board, its Committees and individual Directors
- Director independence and succession planning for the Board and Councillors
- criteria for election as Directors and Elected Councillors and potential candidates nominated for such roles.

## IT ADVISORY COMMITTEE

The primary role of the IT Advisory Committee (ITAC) is to support the Board, Risk, Sustainability & Compliance Committee and Executive Management by providing a forum for insights, challenge and information sharing relevant to the IT strategy and IT operations of HCF including, but not limited to:

- the alignment of the HCF IT Strategy with the broader HCF Business Strategy
- information technology risks and associated opportunities (both strategic and operational) in the context of the IT Strategy, the HCF Business Strategy and the HCF Risk Management Framework
- the evolving IT strategic environment including emerging technologies and their application to both the Health and Life insurance sectors.

ITAC comprises two HCF Non-Executive Directors and three external members.

ITAC is not a decision-making forum and has no delegated authority but is a forum where members of both the Board and Executive Management can discuss and debate major information technology topics with experienced external committee members.

## CEO & MANAGING DIRECTOR

The Board has delegated authority to the CEO & Managing Director to achieve corporate objectives. This authority extends to all areas except those reserved to the Board or Councillors.

The CEO & Managing Director remains accountable to the Board for all authority delegated including where authorities have been further delegated to management and/or management committees.

## COMPANY SECRETARY

The Company Secretary is accountable to the Board, through the Chair and CEO & Managing Director, on matters pertaining to proper functioning of the Boards and Committees.

## EXECUTIVE MANAGEMENT TEAM

The primary role of the Executive Team is to assist the CEO & Managing Director to pursue the corporate objectives by:

- providing leadership
- debating and resolving matters of importance to HCF Group
- implementing strategic objectives, determining priorities and agreeing the manner in which these will be achieved (in collaboration with the CEO & Managing Director) within the risk appetite set by the Board
- overseeing and reviewing business operations against agreed metrics.

It also provides the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

## EXECUTIVE AUDIT, RISK & COMPLIANCE COMMITTEE

The primary role of the Executive Audit, Risk & Compliance Committee is to assist the HCF CEO & Managing Director to monitor and manage the key material risks of the HCF Group. This includes monitoring and oversight of the management of audit, risk and compliance related matters. Responsibilities include:

- ensuring that key corporate risks are identified, assessed and appropriately managed on an ongoing basis
- implementing the approved risk management strategy
- monitoring risk culture, risk appetite and compliance with internal policies and regulatory and legal requirements
- assessing the effectiveness of risk and compliance framework implementation and Appointed Actuary and Audit plans.

## EXECUTIVE PROJECT STEERING GROUP

The primary role of the Executive Project Steering Group is to assist the HCF CEO & Managing Director to pursue the corporate objectives by ensuring:

- projects undertaken by the organisation align with the agreed corporate and strategic objectives
- appropriate oversight and accountability of projects having regard to the project's size, complexity, priority and risk profile (including appropriate management of associated risks)
- major issues impacting project progress are resolved
- appropriate resources (including human, financial and infrastructure) are made available to achieve stated objectives.

The Executive Project Steering Group has oversight of all material projects within the HCF Group and all project related delegations are set out in the Board approved Delegation of Authority Policy.

# 3. BOARD/COMMITTEE COMPOSITION & ATTENDANCE

## BOARD COMMITTEES' COMPOSITION & MEMBERSHIP

The Board determines committee membership and is reviewed annually, with a view to rotating members periodically, without losing continuity of experience and knowledge gained by members of the Committee. All Directors are entitled to receive Committee papers and Non-Committee members can attend Committee meetings as an invitee, subject to there being no conflict of interest. Directors attending as an invitee are entitled to ask questions and express their views.

The applicable composition requirements and membership of each of the four standing Board Committees are set out below.

BOARD COMMITTEE	COMPOSITION REQUIREMENTS	CURRENT MEMBERSHIP
<b>Audit &amp; Finance Committee</b>	The Committee will be comprised of at least three Non-Executive Directors with a majority to be independent.  All Committee members shall be financially literate. At least one Committee member shall have accounting and/or related financial management expertise.	Ms Lisa McIntyre (Chair) Mr John Barrington Ms Catherine Hallinan
<b>Risk, Compliance &amp; Sustainability Committee</b>	The Committee will be comprised of at least three Non-Executive Directors with a majority to be independent.  Collectively the Committee will have experience in risk and compliance management.	Mr John Barrington (Chair) Ms Catherine Hallinan Ms Lisa McIntyre
<b>Nomination Committee</b>	The Committee will be comprised of at least three Independent Directors.	Mr Mark Johnson (Chair) Mr Terry Agnew Mr Michael Bassingthwaight Mr John Barrington Ms Catherine Hallinan Ms Sheena Jack Prof Claire Jackson Ms Annette King Ms Lisa McIntyre Mr Chris Wright
<b>People, Culture &amp; Remuneration Committee</b>	The Committee will be comprised of at least three Independent Directors. All members of the Committee must be Non-Executive Directors and a majority must be independent.	Mr Chris Wright (Chair) Prof Claire Jackson Mr Terry Agnew

## DIRECTOR TENURE & MEETING ATTENDANCE

The table below outlines the tenure of each Director, number of scheduled Board and Committee meetings held in the year ending 30 June 2023 and number of meetings attended by the Director including in their capacity as a member of the Committee (where relevant).

DIRECTOR	TENURE	BOARD MEETINGS	AUDIT & FINANCE COMMITTEE MEETINGS	RISK, COMPLIANCE & SUSTAINABILITY COMMITTEE MEETINGS	NOMINATION COMMITTEE MEETINGS	PEOPLE, CULTURE & REMUNERATION COMMITTEE MEETINGS
	YEARS <sup>1</sup>	ATTENDED (HELD)				
<b>INDEPENDENT NON-EXECUTIVE DIRECTOR</b>						
<b>Number of meetings held</b>		11	4	4	3	6
<b>M. Johnson (Chair)</b>	9	10	-	-	3*	-
<b>T. Agnew</b>	3	10	-	-	2	6
<b>J. Barrington</b>	8	10	3	3*	2	-
<b>M. Bassingthwaighte</b>	3	8	-	-	2	-
<b>C. Hallinan</b>	4	11	4	4	3	-
<b>C. Jackson</b>	10	10	-	-	2	5
<b>A. King<sup>2</sup></b>	0	6	-	-	3	-
<b>L. McIntyre</b>	11	10	4*	4	2	-
<b>C. Wright</b>	10	10	-	-	3	6*
<b>EXECUTIVE DIRECTOR</b>						
<b>Ms S. Jack</b>	5	11	-	-	3	-

\* Denotes chair.

1. Completed years of service as a Director as at date of this statement.
2. Start date 4 November 2022.

Go to [hcf.com.au/governance](https://www.hcf.com.au/governance) for further information on each Director including qualifications, experience and other directorships.

# 4. SKILLS, EXPERIENCE & INDEPENDENCE

In order to ensure the Board has the optimal mix of skills, knowledge and experience a Board Skills Matrix is reviewed by the Nomination Committee and updated annually and more frequently if required. Other important considerations are tenure, independence and diversity.

The HCF Constitution requires Directors to meet certain eligibility criteria to satisfy skills, expertise, experience and behavioural attributes, as well as meeting independence criteria. The evolution of the mix of skills and diversity of the Board is a long-term process and must reflect the current and emerging challenges for the organisation. There is a separate skills matrix maintained and monitored by the Nomination Committee for HCF Life and Flip Insurance, to ensure those Boards have the specific industry skills and experience required for these organisations. Below are the skills, knowledge and experience categories against which the HCF Directors are regularly assessed.

## CORE BUSINESS SKILLS & KNOWLEDGE

### Financial Literacy<sup>#</sup>

Ability to read and comprehend corporate accounts, financial materials, financial reporting requirements and an appropriate understanding of corporate finance.

### Financial Markets<sup>#</sup>

Experience in provision or management of financial products.

### Legal Knowledge<sup>#</sup>

Appropriate understanding of legal concepts and frameworks applicable to both the role of Director and to the industries in which the entity operates.

### Managing People/Achieving Change<sup>#</sup>

Successful career at a senior executive level including responsibilities for people management and successful implementation of change.

### Risk Management<sup>#</sup>

Experience in implementing, managing or overseeing risk management in relation to an organisation.

### Strategy<sup>#</sup>

Demonstrated success in developing and implementing a successful strategic plan and attainment of stated objectives.

## RELEVANT INDUSTRY KNOWLEDGE<sup>#</sup>

### Actuarial

Experience in the provision, managing or overseeing of actuarial services.

### Benefits Management/Healthcare Financing

Experience in implementing, managing or overseeing frameworks designed to manage healthcare benefit costs or financing healthcare services in a financially sound and sustainable manner.

### Health Sector

Experience at a senior level relating to the development or management of either healthcare systems or service provision, such as:

- private hospitals
- public hospitals
- medical services
- population health
- allied health.

### Life Insurance

Experience at a senior level in implementing, managing or overseeing the underwriting, sale or provision of life insurance products in Australia.

### Private Health Insurance

Experience at a senior level in implementing, managing or overseeing the underwriting, sale or provision of private health insurance products in Australia.

### Regulatory Compliance

Experience in implementing, managing or overseeing compliance with legislative or regulatory obligations.

### Sales, Marketing and Communications

Experience at a senior level with responsibilities for either sales through retail or digital channels and/or advertising or social media/communication activities.

## RELEVANT CORPORATE EXPERIENCE

### Clinical Governance

Experience in implementing, managing or overseeing clinical governance frameworks.

### Commercial Acumen

Demonstrated success in development or expansion of business having regard to the organisation's stated corporate objectives, operating environment and risk appetite.

### Corporate Governance

Experience in sophisticated governance/assurance structures and/or prior experience on a Board or governing body.

### Digital

Experience in implementing, managing or overseeing Digital Strategy/Operations in a customer focused environment.

### Environmental, Social and Governance (ESG)/Sustainability

Experience in implementing overseeing or managing Sustainability/ESG Strategy, risks and reporting.

### Executive Management

Experience managing large and complex business operations at an executive level.

### Government Relations

Experience in government relations and/or health related public policy.

### HR/Industrial Relations

Experience in human resource management or industrial relations.

### Member Experience

Experience at a senior level with responsibilities for member experience related activities.

### Mergers/Acquisitions

Demonstrated success at a senior executive level in merger/acquisitions activities (including successful implementation).

### Not-for-Profit/Mutual

Demonstrated success at a senior executive level in managing or overseeing a not-for-profit or mutual entity.

### Project Management

Demonstrated success in managing or overseeing major projects of an organisation.

### Technology

Experience in IT governance and implementing, managing or overseeing information technology including information security, data management and cyber security.

<sup>#</sup> Criteria as recommended by the Australian Institute of Company Directors when 'Selecting a New Director'.

# 5. ELECTION/ APPOINTMENT OF DIRECTORS



## NOMINATION & ELECTION PROCESS

The Nomination Committee review the existing skills matrix and make recommendations to the Board on any desirable skills and/or experience for any vacant position. After the Board has considered the recommendation and approved the selection criteria, the Nomination Committee reviews potential candidates by reference to the Elected Director Eligibility Criteria specified in the Constitution, approved selection criteria and having regard to the potential candidates' experience and other qualities. External consultants may be used to access a wide base of potential candidates.

Those selected by the Nomination Committee are further assessed by the Board against the Elected Director Eligibility Criteria specified in the Constitution, including background, experience, professional skills, personal qualities, whether their skills and experience will complement the existing Board and their availability to commit themselves to the Board's activities. This includes candidate interviews and reference checks.

Councillors are provided with relevant information on the candidates for election. For vacancies pertaining to all other Boards in the HCF Group, the HCF Board will select the successful candidate/s in consultation with Directors of the relevant Board.

Final probity checks are undertaken on the successful candidate/s. Each new Director receives a Letter of Appointment, which sets out their duties, their terms and conditions of appointment, the expectations of the role and remuneration. A Deed of Access, Indemnity and Insurance is also executed.

\* Where a vacancy exists.

^ Election not held for appointments to HCF Life, Flip Insurance and HCF Research Foundation Boards.

## INDUCTION

Each new Director undertakes an induction program, appropriate to their experience, to familiarise them with matters relating to HCF's business, strategy and any current issues before the Board. The induction program includes meetings with the Chair, the CEO & Managing Director, each Chair of the respective Board Committees, senior management and the Company Secretary.

## INTERIM APPOINTMENTS

If the Board appoints a new Director to the HCF Board during the year to fill a casual vacancy in the position of an Elected Director, that person must stand for election by Councillors at the next election.

## TENURE OF DIRECTORS

The HCF Constitution requires that at each Annual General Meeting 25% of the Elected Directors (excluding CEO & Managing Director) must retire from office. If that number is not two or a multiple of two, then the nearest number not exceeding 25% of Elected Directors. In addition, the Constitution requires that no Elected Director may retain office for more than four consecutive years without retiring.

Retiring Directors can nominate for re-election (without Board approval) provided that their cumulative tenure does not exceed 12 years (without Board approval).

The HCF Life Board Renewal Policy sets out requirements on tenure and re-appointment for HCF Life Directors.

## EDUCATION & DEVELOPMENT

The Board ensures Directors continue their education by participating in appropriate programs and attending relevant worksite visits. HCF's Company Secretary provides Directors with ongoing guidance on matters such as corporate governance, HCF's Constitution and regulatory and legal matters.

# 6. EVALUATING PERFORMANCE

## ASSESSING PERFORMANCE

### BOARD/BOARD COMMITTEES/ DIRECTORS

The Board undertakes ongoing self-assessment and reviews the performance of the Board, Board Committees and individual Directors annually. This is to ensure that the Board and Board Committees are working effectively.

The performance review process is conducted internally and may include written surveys of Directors based on best practice questionnaires designed by external bodies. Reviews are also facilitated externally. An externally facilitated review of Board and Director performance was conducted in the reporting period.

These reviews are wide-ranging and include, amongst other things, each Director's contribution to Board discussions, strengths and any areas for improvement. The collated results are reviewed and discussed by the Directors.

## INDIVIDUAL FEEDBACK SESSION

Following the self-assessment process, the Chair of the Board meets with each Director individually to discuss performance and any development opportunities.

### EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

At least annually a formal performance review is undertaken for all employees. Through this process the next line manager (and in the case of the CEO & Managing Director, the Board) facilitate a performance assessment with the employee against agreed performance metrics and feedback received from key stakeholders. Where areas for development are identified, a development plan is designed and agreed with the employee. Progress against this development plan is regularly monitored and formally considered in the next performance review process.

## REMUNERATION

Independent remuneration consultants are engaged by the People, Culture & Remuneration Committee to ensure that HCF's reward practices and levels are consistent with market practice.

Remuneration of Non-Executive Directors comprises Directors' fees and the applicable superannuation contributions. Any proposed increases to the remuneration pool for Non-Executive Directors must be approved by Councillors at an Annual General Meeting.

Remuneration of senior managers comprises a combination of fixed remuneration that reflects core performance requirements and expectations, and performance based remuneration that is linked to clearly specified performance targets.

Key role requirements and expectations are set out in the contract of service and position description.



# 7. AN INCLUSIVE & COLLABORATIVE WORKPLACE

## OUR PROGRESS & FOCUS

HCF is committed to supporting an inclusive and collaborative work environment. We aim to have a workplace culture that is welcoming and safe for all our employees, irrespective of their unique characteristics including age, ethnicity, cultural or spiritual background, gender identity, disability, education, and socio-economic status.

Our key focus is to ensure that our policies, partnerships and initiatives reflect our people's diverse identities, experiences and mindsets, and provide them with the flexibility to showcase their talent and perform to the best of their ability for our members. To achieve this, we aim to have equal opportunities for all employees in our recruitment, development, talent management, remuneration and reward, succession, benefits, and health and wellbeing.

Our People, Culture & Remuneration Committee has oversight of our Diversity and Inclusion Statement and related strategies and initiatives. In FY2023, we have progressed the following key aims:

- Gender balance in leadership – we have committed to gender balance in leadership vacancies, from frontline management to Board level.
- Diversity and inclusivity, decision-making and voice – we measure our progress in these areas annually in our Employee Pulse survey.
- Employee engagement on diversity and inclusion – our Diversity and Inclusion strategy includes opportunities for employees to be part of and engage on diversity and inclusion matters through our employee surveys and focus groups, as well as initiatives facilitated by our Employee Reference Groups (ERGs). Our initiatives are sponsored by our Executive and supported by ERGs. Together, they have made important progress in realising our aspirations for an inclusive and collaborative workplace culture.

**Gender Equality Matters** – we have launched an updated Parental leave policy this year. Our revised policy is gender neutral, removes the 12-month eligibility period, and increases our paid parental leave from 15 to 18 weeks for when families welcome a new child to their family by birth, adoption, surrogacy, permanent fostering or kinship care. We continue to pay superannuation on paid and unpaid parental leave periods for up to 12 months.

We're also recognising the important role that grandparents often play in supporting their families and are making up to five days unpaid grandparents' leave available.

We have also made a new service available through Parents at Work, called the HCF Families Hub, with a range of information, webinars, podcasts and checklists available for parents and caregivers.

We're working to achieve gender equity across our workforce. We continue to provide unconscious bias training for our leaders and have supported these with initiatives such as sponsoring the development of several of our senior female leaders' participation in the Chief Executive Women's (CEW) Leaders Program, and offering a Women in Leadership series.

Equally, we're also aiming to attract more men into our frontline service roles. These initiatives provide a balance of gender across all roles as well as narrowing the gap in gender pay equity.

**Hearts & Hands Group** – comprises both Aboriginal and Torres Strait Islander and non-Indigenous employees who have developed our Reflect Reconciliation Plan. The group has progressed in sharing and celebrating the history, culture and achievements of Aboriginal and Torres Strait Islander Peoples with our employees, our members and the broader community.

This platform has enabled us to listen and learn through the advice of traditional owners. This includes our Aboriginal and Torres Strait Islander employees, along with community leaders, our Indigenous-owned suppliers and partners.

**Thrive** – comprises our Lesbian, Gay, Bi-Sexual, Transsexual and Intersex (LGBTI) employees and their allies. This year we became a Gold Foundation partner of The Pinnacle Foundation. The Foundation was founded as a national charity that provided educational scholarships, mentoring and opportunities for young LGBTIQ+ Australians to reclaim their path and overcome challenges arising from their identity. Last year, HCF provided a scholarship to a trans scholar studying Medicine at Charles Sturt University in Orange.

We have an ongoing partnership with Pride in Diversity, who provide employers with support for LGBTIQ+ inclusion. Members of this group are also part of the Inter-Insurance industry pride network. The team has delivered LGBTIQ+ awareness and inclusion training and seminars to our employees throughout the year, marking events such as Mardi Gras, International Day Against Homophobia, Biphobia, Interphobia & Transphobia (IDAHOBIT) and World Aids Day. By raising awareness, we aim to prevent discrimination and reduce the mental health issues faced disproportionately by the LGBTIQ+ community.

**Raise Disability Group** – has partnered with Disability Services Australia to continue to improve our ability to attract, support and retain employees who live and work with a disability, as well as those who care for others with a disability. Several employees have volunteered to be a part of their mentoring program, which provides support to job seekers who need support in transition into employment.

We have also provided our Talent Acquisition team and hiring managers with training on becoming confident in recruiting candidates who may have a disability.

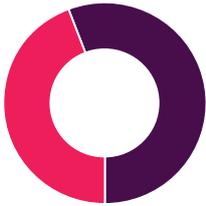
HCF was re-certified this year by Parents at Work as being a Family Friendly Workplace.

We're also proud to partner with Career Seekers Australia, a not-for-profit organisation that provides paid internships to university graduates and post-graduates who have sought asylum within Australia.

# WORKPLACE GENDER DIVERSITY

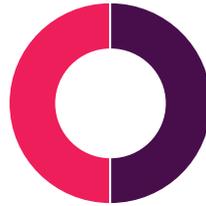
The Board is committed to gender diversity and equity.

## HCF BOARD



**FEMALE** 44.4% **MALE** 55.6%

## HCF LIFE BOARD



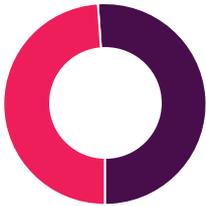
**FEMALE** 50% **MALE** 50%

## EXECUTIVE TEAM



**FEMALE** 67% **MALE** 33%

## OTHER MANAGERS



**FEMALE** 49% **MALE** 51%

## REMAINING WORKFORCE



**FEMALE** 71% **MALE** 29%

## OVERALL GENDER BALANCE



**FEMALE** 69% **MALE** 31%



Source: Data is based on HCF Group's 2022 Workplace Gender Equality Agency Report.

1. Excludes the HCF CEO & Managing Director given their Executive Director role. At 30 June 2023 female representation of Non-Executive Directors on the HCF Board is 44% and on the HCF Life Board is 50%.
2. Includes the HCF CEO & Managing Director.

# 8. PROMOTING ETHICAL & RESPONSIBLE BEHAVIOUR

The Board is resolutely committed to ethical and responsible business practices. The following policies help ensure the HCF Group is run with integrity and that it remains focused on the goal of delivering more to its customers.

## PRIVATE HEALTH INSURANCE CODE OF CONDUCT

HCF is committed to industry best practice. It is a signatory to the industry's voluntary Private Health Insurance Code of Conduct which provides commitments to key stakeholders including consumers, intermediaries and other insurers.

The self-regulated code covers dispute resolution processes, employee training, responsibilities to intermediaries selling HCF's products, policy documentation, notification processes for detrimental product or hospital contracting changes, guidelines for pre-existing conditions, 'cooling off' periods and privacy protections.

## HCF GROUP CODE OF CONDUCT

The HCF Group Code of Conduct sets out the principles which govern the conduct and behaviour stakeholders can expect from HCF employees and is aligned to HCF's core values.

The HCF Group Code of Conduct broadly expects employees to:

- treat each other with respect and maintain professionalism
- act with honesty, integrity and do what is right
- comply with the law and act accordingly
- have the courage to speak up on behaviours inconsistent with HCF values
- keep its people and workplaces safe
- protect its business, reputation and members.

The Code of Conduct operates in conjunction with HCF Group's Consequence Management Framework.

## OTHER INTERNAL POLICIES & PROCEDURES

Beyond both Codes of Conduct, HCF has several key policies to manage its compliance and human resource requirements. There is a range of guidelines, communications and training processes and tools to support these policies.

## IDENTIFYING & MANAGING CONFLICTS OF INTEREST

The Board is conscious of its obligations to ensure that Directors appropriately manage any conflicts of interest (actual, potential or apparent) between their duty to the Company and their own interests. The Board has adopted a procedure to ensure that any actual, potential or apparent conflicts of interest of Directors are disclosed to the Board.

Any Director with a material personal interest in a matter being considered by the Board must declare their interest and, unless the Board resolves otherwise, they may not participate in boardroom discussions or vote on such matters. In addition, Directors are required to disclose any actual, potential or apparent conflict of interest on appointment as a Director and are required to keep these disclosures up to date.

Directors may not make any representations or agreements on behalf of HCF unless such an authority is explicitly delegated by the Board, through a resolution, to the Director either individually or as a member of a Board committee.



## IDENTIFYING & REPORTING INAPPROPRIATE CONDUCT

Employees are actively encouraged to raise any issues or concerns with their leaders, managers and, where appropriate, directly with the relevant party.

HCF also provides other multiple mechanisms to raise and escalate issues, including:

- behaviours or activities that are not in accordance with the HCF Group Code of Conduct and other HCF policies
- reporting incidents related to risk or compliance
- raising issues concerning fraud directly with HCF's People and Culture or Risk, Legal and Compliance teams or through its independent external whistle-blower service, Your Call
- making suggestions for more efficient processes via the online incident reporting facility
- raising concerns about "people issues" such as harassment or discrimination directly with the People and Culture team
- health and safety concerns, hazards and incident reporting through the Work, Health and Safety Manager and email portal.

HCF protects employees who raise concerns, ensuring everyone is protected from victimisation. Concerns about breaches of our regulatory obligations or internal policies or procedures can also be raised anonymously in accordance with HCF's Whistle-blower policy and process.

HCF has a Whistle-blower policy to protect employees who make reports about suspected breaches of HCF's regulatory obligations or internal policies through these channels. The reporting system complies with the whistle-blower provisions of all relevant legislative requirements.

## SUSTAINABILITY

As Australia's largest not-for-profit health fund, we're committed to positively impacting the health of our members, employees, the community and the environment.

Our approach to sustainability is aligned to our organisational purpose, vision and strategic priorities.

We're making solid progress delivering our 2025 Strategy and as part of this, we're focusing on delivering real value for our stakeholders through improved health and social outcomes while reducing our environmental impact.

### We see opportunities ahead

The world is facing new and unique challenges and as we look ahead, we see opportunities in how we respond to environmental, social and governance risks including how we incorporate them into our thinking.

We know that a healthy planet is important to our own health and wellbeing. That's why in 2023 HCF became a proud signatory of the BCCM Co-operatives and Mutuals Declaration of Climate Action, to work alongside our peers on accelerating action on climate change. In alignment with the Declaration, we are working to set a net zero commitment and will also identify and define climate-related risks and opportunities that may arise for our organisation.

We're currently focusing our efforts on strategic partnership opportunities where we can help build healthier communities by addressing the social determinants of health. We're excited to bring our people and stakeholders along this journey, working together to deliver on our purpose of bringing our human touch to healthcare, now and for generations to come.

As part of our ongoing commitment to sound governance and to ensure continued Board oversight, we've updated our Risk, Compliance & Sustainability Committee Charter to include sustainability. In addition, we've conducted Board level sustainability training.

Go to [hcf.com.au/governance](https://www.hcf.com.au/governance) for further information on HCF's approach to Corporate Social Responsibility.

# 9. ENGAGING WITH STAKEHOLDERS

## INFORMATION SESSIONS FOR COUNCILLORS

The HCF Councillors are the Members of the Company for the purposes of the Corporations Act 2001 and take an active interest in HCF's corporate practices and governance. HCF engages with its Councillors both formally and informally throughout the year.

Outside of its AGM, the Company holds information sessions with Councillors (supported by appropriate reports and materials) to present and discuss the operational performance of the Company and adequacy of governance control and oversight. In between meetings, Councillors are updated, as required, on key developments and governance matters within the Company.

Councillors are encouraged to engage with the Board and the Company through the Chair and Company Secretary.

The Council Charter is regularly reviewed and amended by the Councillors. The Council has a Council Convenor who facilitates meetings of Council, absent the Board Councillors and works with the HCF Board Chair to facilitate discussions and raise any matters, as required.

Under the Council Charter, a biennial review of the performance of the Council and of the Charter itself is required by the Elected Councillors. A review was completed in September 2021 and most recently in July 2023.

## GOVERNMENT RELATIONS

HCF strives to take a leadership role in reforms that impact entities within the group. It regularly engages with government at all levels to provide input into policy debates and help shape reform.

## ATTENDANCE OF EXTERNAL AUDITOR AT THE AGM

HCF's External Auditor attends the Annual General Meeting and is available to answer questions from Councillors on the:

- conduct of the audit
- preparation and content of the audit report
- accounting policies adopted by HCF in relation to the preparation of the financial statements
- independence of the auditor in relation to the conduct of the audit.

## REGULATOR RELATIONS

HCF maintains strong relations and regular engagement with its key regulators. HCF has a proactive approach to working with regulators on material matters.

Go to [hcf.com.au/governance](https://www.hcf.com.au/governance) for further information including the Elected Councillor Charter and a list of our current Elected Councillors.

# 10. RISK MANAGEMENT

## RISK MANAGEMENT FRAMEWORK

HCF provides a framework for risk management which supports the achievement of its strategic and operational objectives. It is committed to maintaining an organisational philosophy and culture which ensures that effective risk management is an integral part of its activities. Its culture, led by the Board and Executive Team, promotes a 'tone from the top' approach in conducting day-to-day business in a risk-aware manner. The Risk Management Framework is represented below.



## GOVERNANCE

The Board is ultimately responsible for HCF's Risk Management Framework (RMF) and is responsible for the oversight of the RMF's implementation and operation by management. The Board directs and oversees the RMF through the Board Committees, in particular, the Risk, Compliance & Sustainability Committee. The Board has overall responsibility for ensuring that the RMF governs the way HCF identifies, measures, evaluates, monitors, manages and reports risks associated with its decision making. This includes the HCF Risk Management Strategy and the HCF Risk Appetite Statement. It regularly reviews and approves policies that are associated with risk reporting mechanisms and outlines specific limits to ensure the Company operates within the agreed appetite and is compliant with applicable laws and regulations. The Board endorses a 'Three Lines of Defence' risk governance model set out in the diagram above and on the following page.

In recognition of the importance of effective risk management, HCF's Risk, Compliance & Sustainability Committee assists the Board in fulfilling its corporate governance and risk oversight responsibilities.

The Committee reviews the RMF at least annually. By seeking input from the Executive Team and Business Management, the Committee monitors and manages material risks that HCF faces being strategic, financial, insurance, operational, technology, information security and compliance risks. The Committee also ensures that the RMF remains sound and is compliant with APRA Prudential Standard CPS220 Risk Management. Risks and controls are also monitored through the various Board committees.

The Executive Audit, Risk & Compliance Committee, comprising the Executive Team, meets at least quarterly to consider and discuss key risk management, compliance and audit activities ahead of the quarterly Risk, Compliance & Sustainability Committee meetings.

## HOW WE MANAGE RISK

HCF adopts a three lines of defence model for risk management, as represented in the diagram below.



### FIRST LINE OF DEFENCE

The Executive Management Team and senior managers are responsible for owning and managing the risks within their respective business units. They are supported by assurance activities undertaken both within the business unit and by the Second Line of Defence.

### SECOND LINE OF DEFENCE

The Risk, Legal and Compliance Team are responsible for reviewing and challenging the First Line of Defence assurance activities. This includes overseeing the implementation and monitoring of practices and processes to identify, assess, monitor and manage material risks and provide expertise and challenge on material business decisions.

### THIRD LINE OF DEFENCE

Internal Audit provide independent assurance regarding the adequacy of the design and operating effectiveness of the RMF.

### REPORTING

The Board receives regular reports about the financial condition and operational results of the HCF Group. The HCF CEO & Managing Director and HCF Chief Financial Officer annually provide formal statements to the Board assuring that the Company's financial records for the financial year comply with applicable accounting standards and have, in all material respects, been properly maintained in that they correctly record and explain its transactions, financial position and performance. The Board receives and considers the annual certification within the reporting period.

### MATERIAL RISKS

Achievement of the strategic and financial performance objectives and safeguarding HCF's reputation can be adversely affected by the following material risks. These risks are closely monitored through the Board, relevant Committees and Executive Team.

- Strategic risk – the risks that can impact HCF's success in achieving its strategic ambition and objectives. These can arise due to changes in the internal and external business environment including government and industry developments, and internally due to HCF's strategic execution approach and performance.

- Insurance risk – includes the risk of loss due to actual experience (claims) being different to that expected (e.g. at the time of pricing). It can arise as a result of inadequate or inappropriate product design, pricing, underwriting and claims management that may expose HCF to financial loss and/or an inability to meet its liabilities.
- Finance risk – risk of financial losses arising as a result of market and investments, credit and liquidity, as well as risks of breaching enterprise or regulatory capital requirements.
- Operational risk – risk of loss resulting from inadequate or failed internal processes, people and/or systems, or from external events.
- Compliance risk – risk of failure to act in accordance with laws, regulations, industry standards and codes, internal policies and procedures.
- Information Security risk – risk of failure to maintain the confidentiality, integrity and availability of HCF's Information Assets.
- Technology risk – risk that systems availability and performance do not meet business needs due to service outages and/or more severe system compromise.

Risks are continually monitored to ensure exposures are adequately identified, managed and are within the Board-approved risk appetite.

# 11. INTERNAL AUDIT

## INTERNAL AUDIT STRUCTURE



The Internal Audit function provides the Board and management with an independent and objective evaluation of control adequacy and effectiveness for HCF and its subsidiaries.

To maintain objectivity, Internal Audit has no operational responsibility or authority over any business activities, day-to-day risk management or control processes. It regularly engages in dialogue with management in order to effectively understand issues and risks. Audit findings and recommendations (including management's response) are formally reported to the next meeting of the Audit & Finance Committee.

PwC was appointed as the Internal Auditor<sup>1</sup> on 13 May 2020 and reports administratively to the HCF Chief Financial Officer and functionally to the Chair of the Audit & Finance Committee. Annually (or as required) the Internal Auditor meets with the Committee without management present.

The function is governed by an Internal Audit Charter, its audit activities are agreed with management and the Board (via the Audit & Finance Committee) each year and documented in an Internal Audit Plan. This plan is dynamic and based on the understanding of industry, business and environment, as well as stakeholder expectations and critical business data.

It is reviewed each quarter by both the Executive Audit, Risk & Compliance Committee and the Board's Audit & Finance Committee to ensure that activities are appropriate given emerging risks or material changes within the operating environment. Where appropriate, changes are recommended to and agreed with the Board via the Audit & Finance Committee.

The function also provides audit services to HCF Life under the Services Agreement between HCF and HCF Life. The Internal Audit Plan for HCF Life is approved by the Board via the HCF Life Board Audit & Finance Committee on an annual basis. The Internal Audit Plan includes a dedicated independent assessment of the material risks for HCF Life and ensures appropriate audit coverage.

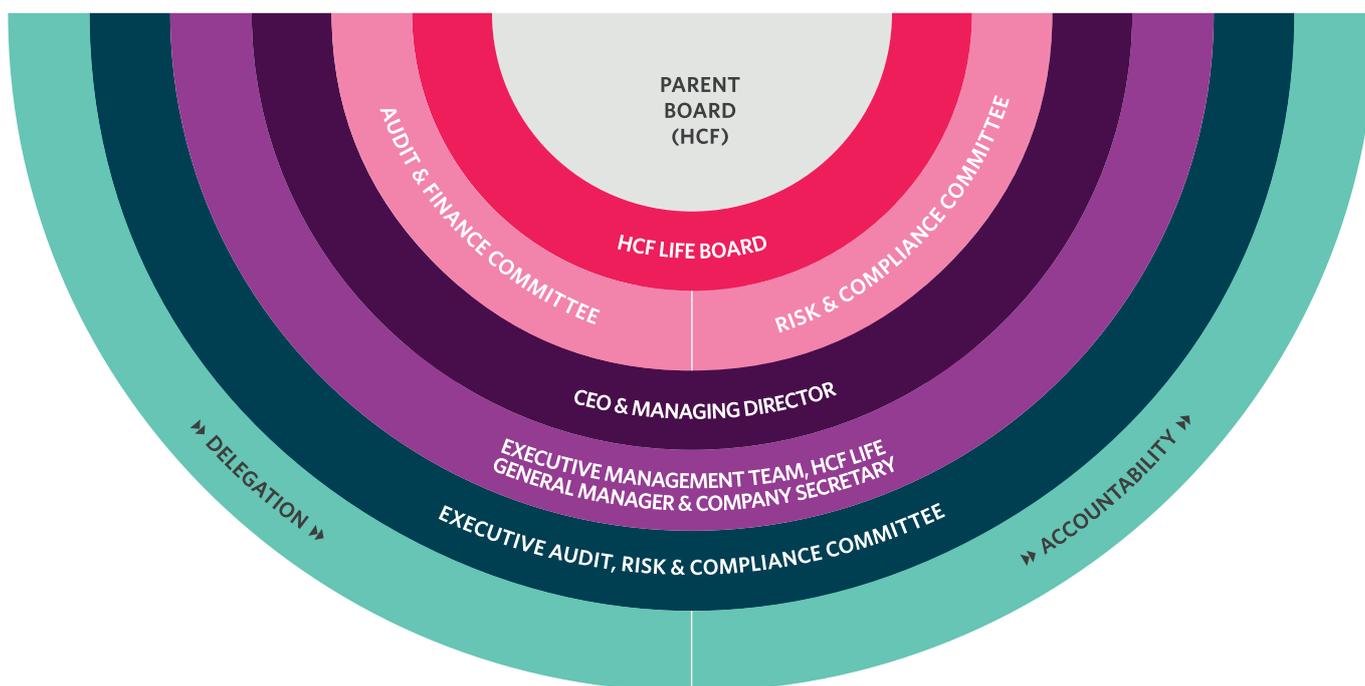
# APPENDIX A

## HCF LIFE

The diagram below summarises HCF Life's governance framework including any matters that have been reserved for the Board and the role of the two standing HCF Life Board Committees.

In addition, the HCF Life Board has delegated relevant matters to the parent board's People, Culture and Remuneration Committee and Nomination Committee.

### GOVERNANCE FRAMEWORK AND STRUCTURE



### HCF LIFE BOARD

The HCF Life Board is responsible for the overall governance of HCF Life and its subsidiary including ensuring the continuity of its business and long-term viability.

It formally delegates certain functions and authority to HCF Life Board Committees (documented in the Board and Board Committee charters) and management (documented in the HCF Group Delegated Authority Policy). It retains authority for:

- strategy - setting, monitoring and revising strategic direction and performance objectives
- oversight of management - appointing/removing the General Manager, Company Secretary and Chief Financial Officer; approving succession plans; and monitoring senior management performance against agreed criteria
- oversight of financial and capital matters - approving and monitoring performance against financial budgets; approving financial statements and considering the Financial Condition Report; appointing the external auditor; appointing/removing investment advisers and internal auditors; and reviewing, approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures, investment management and material commitments
- risk management and compliance - approving the risk appetite statement and risk management and compliance frameworks; and monitoring the effectiveness of and compliance with policies governing HCF Life's operations (including monitoring regulatory reporting and notification requirements are met).

## AUDIT & FINANCE COMMITTEE

The primary role of the HCF Life Board's Audit & Finance Committee is to oversee, review and make recommendations on the:

- integrity of the financial statements and financial reporting systems
- compliance with financial reporting and related regulatory requirements including the Financial Condition Report
- performance and effectiveness of the assurance functions including internal audit, Appointed Actuary and External Auditor (including independence).

The HCF Life Board approves the external and internal audit plans and appointments to the role of External Auditor and Appointed Actuary on recommendation of the Committee.

## RISK & COMPLIANCE COMMITTEE

The primary role of the HCF Life Board's Risk & Compliance Committee is to oversee, review and make recommendations on the:

- risk and compliance framework
- identification, assessment, control and treatment of key corporate risks
- corporate insurance program
- fraud control.

## HCF LIFE GENERAL MANAGER

The HCF Life Board has delegated authority to the General Manager to achieve corporate objectives. This authority extends to all areas except those reserved to the Board.

The General Manager remains accountable to the HCF Life Board for all authority delegated including where authorities have been further delegated to management and/or management committees.

## COMPANY SECRETARY

The Company Secretary is accountable to the HCF Life Board, through the Chair, on matters pertaining to proper functioning of the HCF Life Board and Committees.

## EXECUTIVE MANAGEMENT TEAM

The primary role of the Executive Management Team is to assist the General Manager to pursue the corporate objectives by:

- providing leadership
- debating and resolving matters of importance to HCF Life
- implementing strategic objectives, determining priorities and agreeing the manner in which these will be achieved (in collaboration with the General Manager) within the risk appetite set by the HCF Life Board
- overseeing and reviewing business operations against agreed metrics.

## EXECUTIVE AUDIT, RISK & COMPLIANCE COMMITTEE

The primary role of the Executive Audit, Risk & Compliance Committee is to assist the General Manager to monitor and oversee the management of audit, risk and compliance related matters impacting HCF Life by:

- ensuring that key corporate risks are identified, assessed, regularly reassessed and appropriately managed as they emerge
- implementing the approved risk management strategy
- developing appropriate policies, controls, processes and procedures to identify and manage material risks.

## HCF LIFE BOARD COMMITTEES' COMPOSITION & MEMBERSHIP

The HCF Life Board determines committee membership and is reviewed annually. All Directors are entitled to receive Committee papers and non-Committee members can attend the Committee as an invitee, subject to there being no conflict of interest. Directors attending as an invitee are entitled to ask questions and express their views.

The applicable composition requirements and membership of each of the two standing HCF Life Board Committees are set out below.

BOARD COMMITTEE	COMPOSITION REQUIREMENTS	CURRENT MEMBERSHIP
<b>Audit &amp; Finance Committee</b>	The Committee will be comprised of at least three Non-Executive Directors, with a majority to be independent. All Committee members shall be financially literate. At least one Committee member shall have accounting and/or related financial management expertise.	Ms Lisa McIntyre (Chair) Ms Catherine Hallinan Mr John Barrington
<b>Risk &amp; Compliance Committee</b>	The Committee will be comprised of at least three Non-Executive Directors, with a majority to be independent.	Mr John Barrington (Chair) Ms Catherine Hallinan Ms Lisa McIntyre

## MEETING ATTENDANCE

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	BOARD	AUDIT & FINANCE COMMITTEE	RISK & COMPLIANCE COMMITTEE
<b>Number of meetings held</b>	6	4	4
<b>Number of meetings attended</b>			
Catherine Hallinan	6*	4	4
John Barrington	4	3	3*
Lisa McIntyre	6	4*	4
Sheena Jack	6	-	-
Christopher Wright	6	-	-

\* Denotes Chair.

Go to [hcf.com.au/governance](https://www.hcf.com.au/governance) for further information on each Director including qualifications, experience and other directorships.

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