

CORPORATE GOVERNANCE STATEMENT FINANCIAL YEAR 2023-24



♥ We put our money where our members are

MESSAGE FROM THE CHAIR



As Australia’s largest not-for-profit health fund, we’re focused on giving back to our members and putting our money where our members are, demonstrated by HCF announcing the lowest premium increase among major health funds.

This is our 92nd year of putting our members first as Australia’s largest not-for-profit health fund. Since our beginnings in 1932, we’ve been focused on finding more ways to put our money where our members are.

This mutual ethos underpins our vision to provide access to understandable, affordable and quality healthcare for our members when they need it most.

Our unwavering member focus has seen membership grow by 2.64%¹, more than 1.2 times the industry rate. We’ve grown more market share than any other health fund over the past 9 years², recently surpassing 2 million members³.

In an industry that faces new challenges every year, 2024 was certainly no different. In a complex and uncertain environment, we believe our strong governance, whole-of-health value proposition and member focus continue to support our growth and performance.

We are seeing increasing funding and cost challenges within the private healthcare system and as cost-of-living pressures continued to rise, we maintained our long-term focus on affordability. We worked hard to keep premium increases as low as possible for our members, delivering the lowest premium increase among the major health funds and lower than inflation.

Despite the challenging operating conditions, we demonstrated our resilience and leadership as we continued to grow the fund and strengthen our position as the nation’s largest not-for-profit member organisation for health and wellbeing.

GOVERNANCE & REGULATORY ENVIRONMENT

Our strong 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.

Continued positive progress has been made with HCF’s risk management maturity, supported by independent reviews of HCF Group’s Risk Management Framework and risk culture.

We’re not alone in that we are exposed to the increasing and constant external risks of cyber attacks.

Such evolving threats are driving regulatory agencies to intensify their oversight of operational resilience among key industries, including PHI. While we understand the core drivers, the growing volume and complexity of regulatory requirements across the sector may adversely impact productivity and the cost of doing business.

Against this backdrop, it remains imperative that we continue to invest in our operational resilience.

We are embracing artificial intelligence, albeit in a prudent way, and we are driving our data analytics to improve healthcare quality and predictiveness. We will further unlock technology and data to deliver value to meet members evolving expectations.

“This mutual ethos underpins our vision to provide access to understandable, affordable and quality healthcare for our members when they need it most.”

SUSTAINABILITY PROGRESS

Sustainability is integral to our purpose and we continue to build upon our environmental, social and governance initiatives to make a positive impact on our environment and community. Our focus is on delivering sustainability outcomes and value for our stakeholders through improved health and social outcomes, while reducing our environmental impact.

In 2024, we completed our Green House Gas emission assessment. We aim to be net zero across Scopes 1 and 2 (greenhouse gas emissions more within our direct control) by 2025 and Scope 3 by 2040.

We recognise the crucial role we have to play in driving societal change to help make a positive health impact across communities. Our Social Sustainability Framework has an important social mission: to build healthier communities by helping to address important social issues impacting health outcomes.

During the year we embedded the Board-approved 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.

Our partnership with the Royal Flying Doctor Service aligns with our objective to improve access to quality, affordable healthcare, particularly in regional and remote areas.

In 2024 we established a three-year national partnership with The Smith Family, a national children’s education charity. This partnership will help young Australians overcome educational inequality caused by poverty – so they can thrive now and into their futures.

BOARD RENEWAL & SKILLS

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.

Board succession planning is critical to ensure we maintain the high standard of complementary director skills, experience and values on the Board.

The composition of the Board has seen an orderly transition and refresh with two new Directors added to the Board in FY24, given our constitutional director tenure requirements.

The evolution of the mix of skills and diversity of the Board must reflect the current and emerging challenges for the organisation. Accordingly, during the year the Directors reviewed the skills required of the Board for our next phase and re-set the critical skills against which it will assess Board performance and suitability of future Director candidates.

DIVERSITY & INCLUSION

We understand the benefits of an inclusive and diverse workplace in delivering better outcomes and business results.

We’re committed to fostering all facets of diversity. Our Diversity Employee Reference Groups (representing the voices of LGBTIQ+, Gender Equality, Disability and Aboriginal

and Torres Strait Islander communities) provide a dedicated space for people with shared experiences to connect, learn and meaningfully contribute to key decisions.

In early 2024 we launched our Reflect RAP, the beginning of what is a long-term commitment to work in partnership with Aboriginal and Torres Strait Islander peoples towards a reconciled Australia. Our vision for reconciliation articulates that we believe Australia is a better place when we acknowledge and accept all parts of our history and are united around a shared national identity.

Our Reflect RAP is aligned to our purpose and values, and Social Sustainability Framework, with an important mission to build healthier communities in Australia.

STEP FORWARD

We’ll focus on the next phase of our evolving journey in the year ahead, particularly around technology and member servicing. Setting the foundations for our 2030 strategy will ensure we are not only positioned to deliver more impactful initiatives for our members with increased efficiency, but will enable us to maintain the agility required to manage and respond to the external landscape and shifting regulatory requirements.

On behalf of our Directors, I am pleased to present the 2024 Corporate Governance Statement.

Mark Johnson
Chair, HCF Board

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1. Includes all policies except Ambulance Only.
2. Calculated internally, sources from APRA: Quarterly private health insurance statistics June 2015–June 2024.
3. Sourced from APRA Quarterly Private Health Insurance statistics September 2024.

1. APPROACH TO GOVERNANCE & COMPANY PROFILES

We're committed to maintaining a high standard in our governance practices and seek to:

- take a leadership role in reforms impacting the industries in which we operate (supported by active participation in government and regulator relations and contributing to debates on such reforms)
- integrate best practice governance standards into our 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 2024, unless where indicated, and has been approved by the Board.

POLICY, FRAMEWORK & APPROACH TO CORPORATE GOVERNANCE

Our policy on corporate governance is to promote a culture, including appropriate values and behaviours, that underpins our everyday activities, ensures transparency and accountability, and 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 our businesses and performance.

HCF PROFILE

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

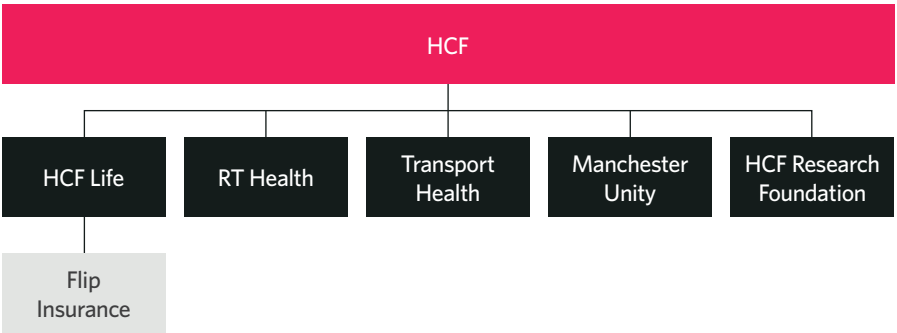


Figure 1: Structure of operating companies within HCF Group.

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 Act to vote at Company meetings¹. Up to 16 Elected Councillors are elected by the Voting Policyholders² (or appointed by the Directors where there is a casual vacancy) and up to eight Board Councillors are appointed by the Board.

We're operated on a not-for-profit basis and our Constitution prohibits any distribution of surplus or assets to the Councillors. We're exempt from income tax for our health insurance business. Figure 1 sets out the structure of the operating companies within HCF Group.

On 1 November 2021 HCF merged with Railway & Transport Health Fund Ltd (RT Health), a not-for-profit private health insurer. 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.

On 16 February 2024, Transport Health Pty Ltd's registration as a private health insurer was cancelled. Effective from 28 June 2024, Railway & Transport Health Fund Ltd was converted from a public company limited by guarantee to a proprietary limited company limited by shares.

HCF LIFE PROFILE

HCF Life is a wholly owned subsidiary of HCF. It has a Board of five Directors, being the HCF Chief Executive Officer (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.

FLIP INSURANCE PROFILE

In 2021 we launched Flip Insurance, a wholly owned subsidiary of HCF Life. Flip Insurance was launched as part of our strategy to reimagine the fundamentals of insurance and targets uninsured or under-insured Australians. This is 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, a Risk, Compliance & Sustainability Committee and a Nomination Committee.

HCF Life has a Risk & Compliance Committee. The HCF Life Board has delegated relevant matters to the parent board's People, Culture & Remuneration Committee.

The HCF Board re-established the Investment Committee in August 2023 to ensure focused oversight of HCF's investment portfolio.

Further, the HCF Board has an IT Advisory Committee to provide a forum for insights, challenges and information sharing relevant to the IT strategy and IT operations of HCF. This Committee is advisory only and not a decision-making forum.

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.

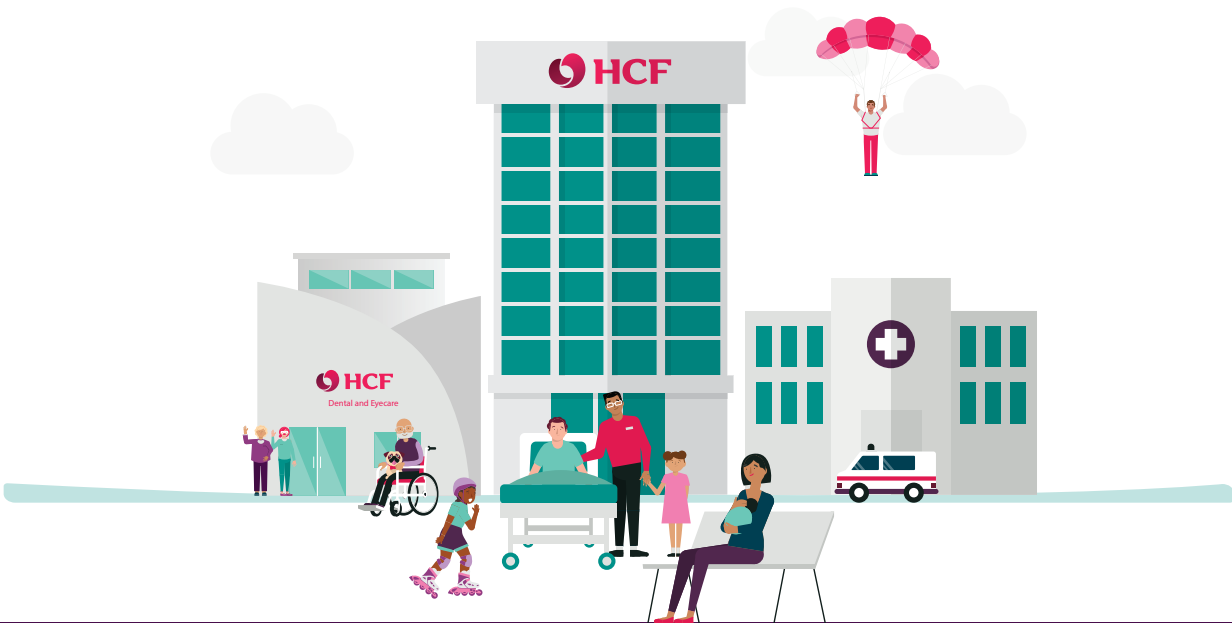
HCF RESEARCH FOUNDATION PROFILE

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 four 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 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.

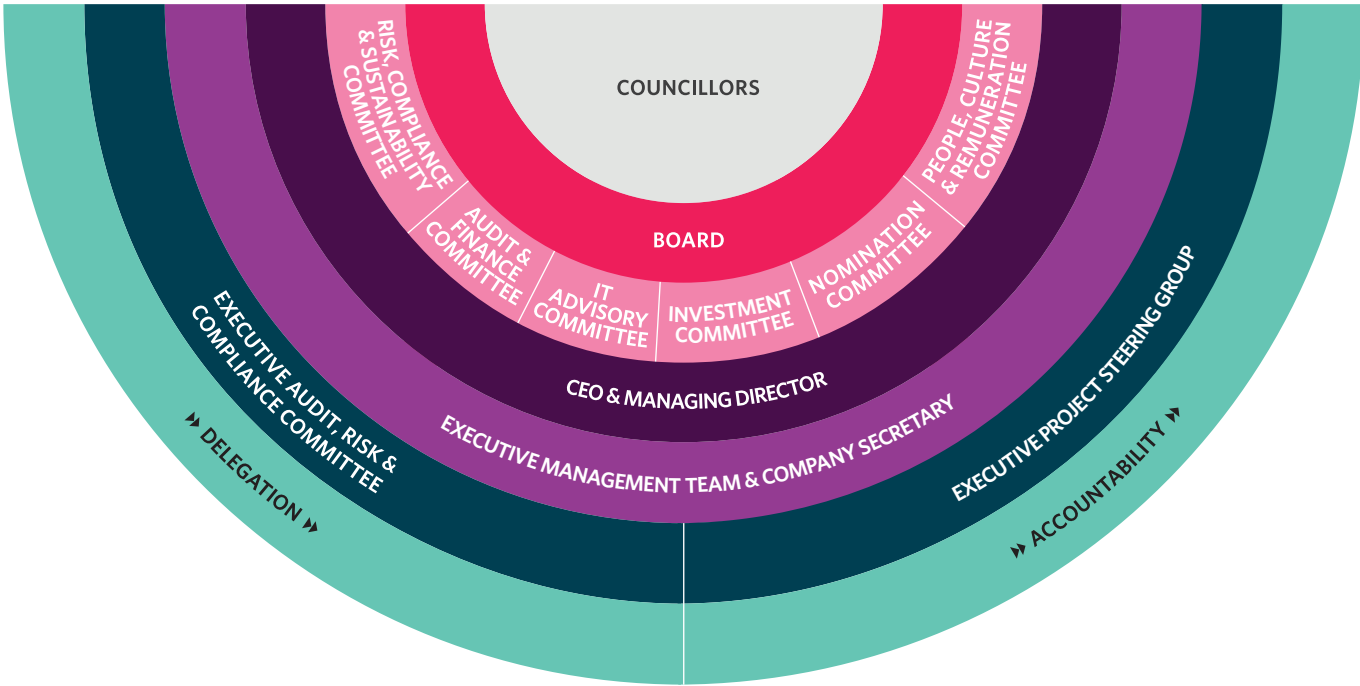
Go to hcf.com.au/governance for further information including copies of the Board and Board Committee charters.

1. A reference to a member of the Company is to the meaning as defined in the *Corporations Act 2001 (Cth)*. 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.

2. GOVERNANCE FRAMEWORK & STRUCTURE

The diagram below summarises our governance framework including any matters that have been reserved for the Board and the role of the 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 Act. 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 of HCF
- 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.

3. BOARD & COMMITTEES

BOARD COMPOSITION

Pursuant to the APRA Governance Standard CPS 510, the Board must have a minimum of five directors, the majority of whom are independent Directors. In accordance with the Constitution, the Board has determined that the number of Directors will not be more than 10.

The HCF Board and Committee composition and Director tenure are set out in the table below.

DIRECTOR	TENURE (YEARS) ¹	BOARD	AUDIT & FINANCE COMMITTEE	INVESTMENT COMMITTEE ²	RISK, COMPLIANCE & SUSTAINABILITY COMMITTEE	NOMINATION COMMITTEE	PEOPLE, CULTURE & REMUNERATION COMMITTEE
	YEARS ¹	ATTENDED (HELD)					
INDEPENDENT NON-EXECUTIVE DIRECTOR							
M. Johnson	10	✓*	-	✓	-	✓	-
T. Agnew	4	✓	-	-	-	✓	✓
J. Barrington	9	✓	✓	-	✓	✓	-
M. Bassingthwaighe	4	✓	-	✓	-	✓	-
M. Compton ³	0	✓	-	-	-	✓	-
C. Hallinan	5	✓	✓	✓	✓	✓	-
A. King	1	✓	✓	-	✓	✓	-
C. Jackson	11	✓	-	-	-	✓	✓
K. Price ⁴	0	✓	-	-	-	✓	✓
EXECUTIVE DIRECTOR							
S. Jack	6	✓	-	-	-	✓	-

1. Completed years of service as a Director as at the date of this statement.
2. In addition to the three HCF Directors, this Committee is also comprised of a fourth external Committee member.
3. Prof. Compton was appointed effective 19 June 2024.
4. Prof. Price was appointed effective 3 November 2023.

* Chair of Board.

^ Chair of Committee.

Details of the Directors' skills, experience and special expertise are set out in the Directors' Report, contained in HCF's Financial Report 2023-24 found at [hcf.com.au](https://www.hcf.com.au)

BOARD ROLE AND RESPONSIBILITIES

The Board is responsible for the overall governance of the Company including ensuring the continuity of its business and long-term viability. Its role and responsibilities are set out in a Board Charter, which is available on our website at [hcf.com.au](https://www.hcf.com.au)

The Board formally delegates certain functions and authority to Board Committees (documented in the 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 and 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 and the Internal Capital Adequacy Assessment Process (ICAAP) Report; appointing the external auditor (subject to confirmation by Councillors); appointing and 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).

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.

EXECUTIVE MANAGEMENT TEAM

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

- providing leadership
- debating and resolving matters of importance to the 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.

COMPANY SECRETARY

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

BOARD COMMITTEES

Five committees assist the Board in carrying out its duties. Each committee has its own charter which sets out its role and responsibilities, structure, conduct and member composition. Additional executive committees, including the Executive Audit, Risk & Compliance Committee and Executive Project Steering Group, are convened to assist the HCF CEO & Managing Director to monitor oversight of projects and risk and compliance.

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 invitees, subject to there being no conflict of interest. Directors attending as invitees are entitled to ask questions and express their views.

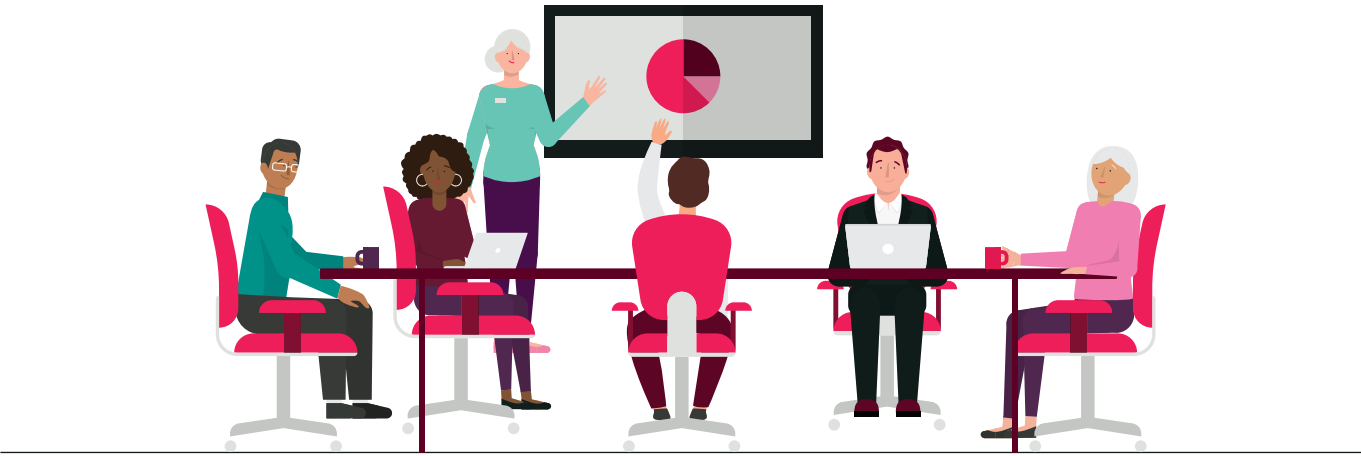
BOARD COMMITTEE	HOW EACH COMMITTEE ASSISTS THE BOARD	THE COMMITTEE'S MEMBERSHIP
Audit & Finance Committee	<p>The Audit & Finance Committee provides an objective, non-executive review of the effectiveness of the Company's financial reporting, internal control and risk management framework in accordance with legislative and regulatory requirements.</p> <p>The principal role of the Committee is to assist the Board in its oversight and responsibilities around financial reporting, external audit, internal audit, internal control and appointed actuary.</p>	<p>The Committee will be comprised of at least three Non-Executive Directors with a majority to be independent.</p> <p>All Committee members will be financially literate. At least one Committee member will have accounting and/or related financial management expertise.</p>
Investment	<p>The Investment Committee assists in setting the investment strategy, investment policy and to provide oversight of the investments of the Group and to advise and make recommendations to the Group in relation to investment strategy and policy.</p>	<p>The Committee will be comprised of at least three Directors of HCF with a majority to be independent.</p> <p>Collectively the Committee will have experience in financial markets, property and accounting/financial management and an understanding of the industry in which the Company operates.</p>
Risk, Compliance & Sustainability	<p>The Risk, Compliance & Sustainability Committee provides an objective, non-executive oversight of the implementation and operation of the Company's risk management framework and compliance management in accordance with legislative and regulatory requirements.</p> <p>The principal role of the Committee is to assist the Board in assessing the effectiveness of the Company's risk, compliance and sustainability framework, including monitoring that an appropriate framework of policies, procedures, internal controls and reporting is established and maintained.</p>	<p>The Committee will be comprised of at least three Non-Executive Directors with a majority to be independent.</p> <p>Collectively the Committee will have experience in risk and compliance management.</p>
Nomination	<p>The Nomination Committee oversees, reviews and makes recommendations to the Board regarding the Group and Board Committee composition, competencies and diversity, and Group Board succession planning. The Committee is responsible for evaluating the performance of the Group Boards, Committees and Directors, and recommendations around Councillor appointments, elections and terminations and assessments of Director independence.</p>	<p>The Committee will be comprised of at least three Independent Directors with a majority to be Independent Directors.</p>
People, Culture & Remuneration	<p>The People, Culture & Remuneration Committee oversees the development and implementation of key people, culture and remuneration practices of the Group. The Committee exercises oversight of the design, operation and monitoring of the Group remuneration framework and associated policies and practices.</p>	<p>The Committee will be comprised of at least three Non-Executive Directors with a majority to be independent.</p>

BOARD & COMMITTEE MEETINGS

Last financial year, the Board held nine scheduled meetings and two additional out-of-cycle meetings. An annual Board Strategy Session and one Board workshop were also held.

The members of each committee and their attendance at Board and committee meetings is set out in the Directors’ Report, contained in HCF’s Financial Report 2023–24 found at [hcf.com.au](https://www.hcf.com.au)

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

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 (or 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. A separate skills matrix is 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.

A summary of eight critical and 10 general skills, knowledge and experience categories are set out below and represent the areas that the HCF Directors are regularly assessed against. These skills have been updated following a review of the Board Skills Matrix and all Directors (including the Executive Director) have been assessed against the updated skills, with all skills well represented on the Board.

CRITICAL BUSINESS SKILLS	
Member experience, brand and customer	<ul style="list-style-type: none">Australian consumer understanding and stratificationMarketing and brand management and digital marketing technologyExperience in corporate and group customers and mutuals and member organisations
Medical and health practitioner	<ul style="list-style-type: none">Mental and allied health clinicians and clinic care deliveryAustralian hospitals (public and private) and patient advocacy
Insurance	<ul style="list-style-type: none">Private health and life insuranceStrategic underwriting and product pricing modelsClaims and risk management
Strategy	<ul style="list-style-type: none">Broad portfolio-based capital allocation and business planning and budgetingStrategic process and strategy in a highly regulated environment
Risk management	<ul style="list-style-type: none">Risk management systems and risk reportingCrisis managementHuman resources, people risks and cybersecurity risks
Talent, culture and leadership	<ul style="list-style-type: none">Leadership development and succession and talent management
Major project, change and transformation	<ul style="list-style-type: none">Substantial projects and transformationMajor technology and change projects including strategy, implementation and vendor managementProject-based governance and risk governance
Regulatory engagement	<ul style="list-style-type: none">Proactive regulatory engagement and regulatory negotiationRegulatory process, including APRA regulated experience

GENERAL SKILLS

- Accounting, financial and investment oversight** including experience with external and internal audit functions and the process and preparation of financial statements.
 - Corporate governance oversight** including experience and understanding of board processes and procedures.
 - Innovation and disruption oversight** including experience with substantial and relevant disruption and industry transformation.
 - CEO experience** with significant leadership, industry level influence and a proven track record of long-term value creation.
- Remuneration oversight** including experience with setting balanced remuneration frameworks.
 - Technology, digital and data oversight** including experience with understanding the relevant industry technology, privacy and data regulation and cybersecurity risks and responses.
 - Financing and funding oversight** including experience with equity and debt structures and financing or funding alternatives.
 - Government engagement oversight** including experience with government relations and the political, policy and regulatory process.
- Communication and corporate affairs oversight** including experience with reputation management, external communication, and crisis management.
 - ESG oversight** including experience with sustainability governance including strategy, risk and oversight mechanisms and environmental management and minimisation.

5. DIRECTOR APPOINTMENT, PERFORMANCE & REMUNERATION



NOMINATION & ELECTION PROCESS

The Nomination Committee reviews the existing skills matrix and makes 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 and the expectations of the role and remuneration. A Deed of Access, Indemnity and Insurance is also executed.

INDUCTION

Each new Director undertakes an induction program, appropriate to their experience, to familiarise them with matters relating to

our 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. Mr Mark Compton was appointed by the Board as a Non-Executive Director, effective from 17 June 2024, and accordingly will stand for election at the upcoming Annual General Meeting, scheduled to be held in November 2024.

TENURE OF DIRECTORS

The HCF Constitution requires that at each Annual General Meeting, 25% of the Elected Directors (excluding the 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 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.

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 functioning 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 at least every three years.

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.

REMUNERATION

Independent remuneration consultants are engaged by the People, Culture & Remuneration Committee to ensure that our 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.

* Where a vacancy exists.
^ Election not held for appointments to HCF Life, Flip Insurance and HCF Research Foundation Boards.

6. AN INCLUSIVE & COLLABORATIVE WORKPLACE

OUR PROGRESS & FOCUS

We strive to create a work environment that’s inclusive and collaborative. We want all our employees to feel welcome and safe, no matter their age, ethnicity, cultural or religious background, gender identity, disability, education or income.

We ensure our policies, partnerships and initiatives respect our people’s diversity, and give them the flexibility to use their skills and achieve their potential for the benefit of our members. To do this, we offer equal opportunities for all employees in all aspects of our work, from hiring to development, health and wellbeing, and reward.

Our People, Culture & Remuneration Committee oversees our Diversity and Inclusion Policy and related strategies and actions. In the last year, we’ve advanced the following key goals:

Gender balance in leadership – we aim for gender balance in leadership roles, from frontline managers through to our Executive level and our Board.

Diversity and inclusivity – we track our progress in these areas every year in our Employee Pulse survey. Diversity and inclusion are still important factors of engagement in our 2024 survey.

Employee engagement on diversity and inclusion – our Diversity and Inclusion strategy gives employees the opportunity to participate and share their views on diversity and inclusion matters through our employee surveys and focus groups, and programs led by our People & Culture team and Employee Reference Groups (ERGs). Our programs are backed by our Executive and supported by our ERGs. Together, they have achieved significant progress in creating an inclusive and collaborative work culture.

Gender equality matters – this year we launched our Gender Equality Strategy during our International Women’s Day event. The strategy outlines our vision for gender equality, sets out clear objectives and actions and, importantly, builds on the progress we’ve made in recent years. The strategy has eight key focus areas that aim to address the gender pay gap and deliver outcomes in relation to gender representation, flexible work practices, respectful workplace culture, support for carers and access to leadership development opportunities. Our strategy will help us to achieve best practice in gender equality and help future proof our organisation.

We were recertified for the third year as a Family Friendly Workplace and recognised by UNICEF Australia and Parents at Work as a leading family friendly organisation. We were selected to showcase our parental leave and flexible work approach via a case study shared across various online forums and media outlets demonstrating our commitment to gender equality and work/life balance. We understand families come in all shapes and sizes, and develop our policies and practices to meet the needs of our diverse workforce.

We’ve experienced a very positive response to our new Parental Leave Policy. The number of men accessing Parental Leave across all levels of the organisation has increased to 13% of our overall Parental Leave applications.

Our Carer’s Support Policy was also launched this year and aims to provide equal caring opportunities for all genders while valuing and supporting all types of caring responsibilities including those of First Nations peoples. We understand the need for flexibility and recognise it is a key enabler of equality for all genders. We promote flexibility in relation to the hours, pattern and location of work.

There has been a concerted effort to support employees impacted by Family and Domestic

Violence (F&DV) over the past year. We’ve reinforced the support we offer in line with our F&DV Policy. Our comprehensive approach to F&DV ensures our people feel supported if they are impacted by F&DV. Our senior leaders and People & Culture team have participated in specialist training, and we have a F&DV e-learning program available for all employees to access. Our team of trained First Responders is equipped to recognise, respond and refer their colleagues to access appropriate support.

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.

We’re one of only five organisations recently selected to take part in Phase One of the RISE (Realise. Inspire. Support. Energise.) groundbreaking project that aims to break down systemic barriers and provide direct pathways for culturally and racially marginalised (CARM) women to reach senior leadership positions within organisations. RISE is a partnership between the Diversity Council Australia, Settlement Services International and Chief Executive Women and is funded by the Office for Women through the Women’s Leadership and Development Program 2022–2026.

Hearts & Hands Group – this group brings together employees from different cultural backgrounds, including Aboriginal and Torres Strait Islander and non-Indigenous people. This group developed and launched our Reflect Reconciliation Plan in March 2024, helping us to acknowledge and celebrate the history, culture and achievements of Aboriginal and Torres Strait Islander people with our employees, our members and the broader community.

We’ve also learned from the wisdom and guidance of traditional owners, including our own Aboriginal and Torres Strait Islander employees, as well as community leaders, and our Indigenous-owned suppliers and partners.

This year we’ve also commenced the roll-out of our Cultural Competence training program facilitated by Shelley Reys, AO and CEO Arilla Consulting. Sixty of our senior leaders are attending in-person sessions and an online program will be made available to all employees. We’ve also invited First Nation community leaders to take part in activities during key dates such as National Reconciliation and NAIDOC weeks to help build our organisational cultural competence.

Thrive – this group comprises our Lesbian, Gay, Bi-Sexual, Transsexual, Intersex and Queer (LGBTIQ+) employees and their allies.

We continue to support The Pinnacle Foundation. The Foundation was established as a national charity that provides educational scholarships, mentoring and opportunities for young LGBTIQ+ Australians to reclaim their path and overcome challenges arising from their identity. We currently provide a scholarship to a trans scholar studying Medicine at Charles Sturt University in Orange, NSW.

We have an ongoing partnership with Pride in Diversity, who provide employers with support for LGBTIQ+ inclusion.

In the past 12 months, we’ve achieved Australian Workplace Equality Index (AWEI) Bronze Tier Status. The AWEI serves as a comprehensive and rigorous benchmark, driving best practices across all sectors in Australia. We’re currently working towards Silver Tier Status.

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 – this group has partnered with the Australian Disability Network (ADN) 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. We recently completed the ADN Access and Inclusion Index. We’ve been informed by

the Index when developing our Access and Inclusion Plan. At the heart of our Access and Inclusion Plan lies the core value of ‘Make it Better’ – which refers to our commitment to continuous improvement and proactive enhancement of accessibility features.

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. Over the past 12 months we have facilitated six placements of people who have sought asylum via our partnership with Career Seekers. Many of the people we’ve placed in previous years are successfully progressing their careers at HCF.



WORKPLACE GENDER DIVERSITY

The Board is committed to gender diversity and equity.



Source: Data is based on HCF Group's 2023 Workplace Gender Equality Agency Report.
1. Excludes the HCF CEO & Managing Director given their Executive Director role.
2. Includes the HCF CEO & Managing Director.

7. 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

We're committed to industry best practice. We're 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 our employees and is aligned to our 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.



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.

We also provide 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 our People & Culture or Risk, Legal & Compliance teams or through our 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 & Culture team
- health and safety concerns, hazards and incident reporting through the Work, Health and Safety Manager and email portal.

We protect 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 our whistle-blower policy and process.

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

OTHER INTERNAL POLICIES & PROCEDURES

We have several key policies to manage our 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.

8. SUSTAINABILITY

A SUSTAINABLE FUTURE FOR HEALTHY COMMUNITIES

As Australia’s largest not-for-profit health fund, we’re focused on positively impacting the health of our members, our people, the community and the environment, while delivering great value for members.

Our overall approach to sustainability is an extension of our organisational purpose – to bring a human touch to healthcare, now and for generations to come. We’re making solid progress delivering our 2025 Sustainability Strategy, having established strong foundations for robust governance, as we deliver on our important sustainability agenda.

FOCUSING ON IMPORTANT SOCIAL ISSUES IMPACTING HEALTH OUTCOMES

We recognise the crucial role we play in driving societal change to help make a positive health impact across communities. As such, we recently launched our Social Sustainability Framework with an important social mission: to build healthier communities by helping to address important social issues impacting health outcomes.

In a time of growing affordability challenges and uncertainty, many Australians are struggling to live healthy lives where they have an affordable place to live, enough money to pay the bills, healthy food, meaningful social connections, and easy access to care and education. That’s why we’re focusing our efforts on improving social issues impacting health outcomes, starting with improving access to healthcare and education.

ROYAL FLYING DOCTOR SERVICE PARTNERSHIP

To help deliver on our social mission to build healthier communities, in 2023 we established a major three-year national partnership with the Royal Flying Doctor Service (RFDS). A union of two trusted, long-established Australian health organisations, the partnership assists in delivering better healthcare access and outcomes for those living in rural and remote communities.

Ensuring access to affordable, quality healthcare for our members and all Australians is central to our vision. We’re committed to working collaboratively with the RFDS, as well as government,

providers and our partners, to address the disparity in health outcomes for families and communities living in the bush.

Our funding commitment will support the purchase and upkeep of RFDS aircraft and the life-saving equipment needed to deliver essential healthcare and services to every corner of Australia.

THE SMITH FAMILY PARTNERSHIP

In 2024 we established a major three-year national partnership with The Smith Family, a national children’s education charity. This partnership will help young Australians overcome educational inequality caused by poverty, so they can thrive now and into their futures. We know that higher levels of education have inextricable links to socio-economic status and improved health outcomes, which is why we’re partnering with The Smith Family, with a long-term view to build healthier communities by improving attendance, advancement and engagement around education.

Our commitment will enable 1,500 young students to be part of The Smith Family’s core *Learning for Life* program. This program helps children overcome their circumstances by providing long-term support for their education in three distinct ways. The program provides financial support for school essentials, like uniforms and books, personal support for the child and their family, and practical support through access to a variety of learning and mentoring programs, tailored to each child’s needs. This proven combination of financial, personal and practical support empowers young people to harness education and build skills to unlock their true potential.

HCF’S REFLECT RECONCILIATION ACTION PLAN (RAP)

In early 2024 we launched our Reflect RAP, the beginning of what is a long-term commitment to work in partnership with Aboriginal and or Torres Strait Islander peoples towards a reconciled Australia. Our vision for reconciliation articulates that we believe Australia is a better place when we acknowledge and accept all parts of our history and are united around a shared national identity. Our Reflect RAP is aligned to HCF’s purpose and values, and Social Sustainability Framework, with an important mission to build healthier communities in Australia.

When considering how we can support Aboriginal and Torres Strait Islander

peoples and communities to thrive, we’re focusing on exploring how we can play a role in improving health outcomes; supporting employment, professional development and procurement opportunities at HCF; and looking at how we can create respectful, culturally safe and supportive spaces for communities.

MODERN SLAVERY

HCF Group is committed to the fair and proper treatment of people in our operations and supply chains and we’ve taken steps to develop policy and processes to ensure we can identify and address risks associated with modern slavery. Our FY23 Modern Slavery Statement provides a comprehensive outline of how we’re tackling modern slavery. In 2024 we developed a set of HCF Supplier Principles to set standards of behaviour across our supplier base which we believe will help drive an overall uplift in responsible behavior.

HEALTHY PLANET, HEALTHY PEOPLE

We know that a healthy planet is important to our own health and wellbeing, which is why we must look after the health of our planet by reducing our environmental impact and encouraging others to do the same. Climate change is the single biggest health threat facing humanity and we recognise the growing toll climate change is likely to have on people’s health and lives, through warmer temperatures and the increase in frequency and intensity of extreme weather events.

In 2024, we completed our first Green House Gas (GHG) emission assessment. We aim to be net zero across Scopes 1 and 2 (greenhouse gas emissions more within our direct control) by 2025 (from a FY22 baseline) and Scope 3 by 2040. Scope 3 currently excludes investments and claims paid to healthcare and hospital services.

9. ENGAGING WITH STAKEHOLDERS

INFORMATION SESSIONS FOR COUNCILLORS

The HCF Councillors are the members of the Company for the purposes of the Act and take an active interest in our corporate practices and governance. We engage with our 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 Councillor 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 most recently in July 2023, with the next review scheduled for 2025.

GOVERNMENT RELATIONS

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

ATTENDANCE OF EXTERNAL AUDITOR AT THE AGM

Our 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

We maintain open and cooperative relationships with our key regulators and have a proactive approach to engaging and working with regulators on material matters.

We have a Group Risk & Compliance function to ensure appropriate strategies and processes are developed to mitigate regulatory non-compliance risk.

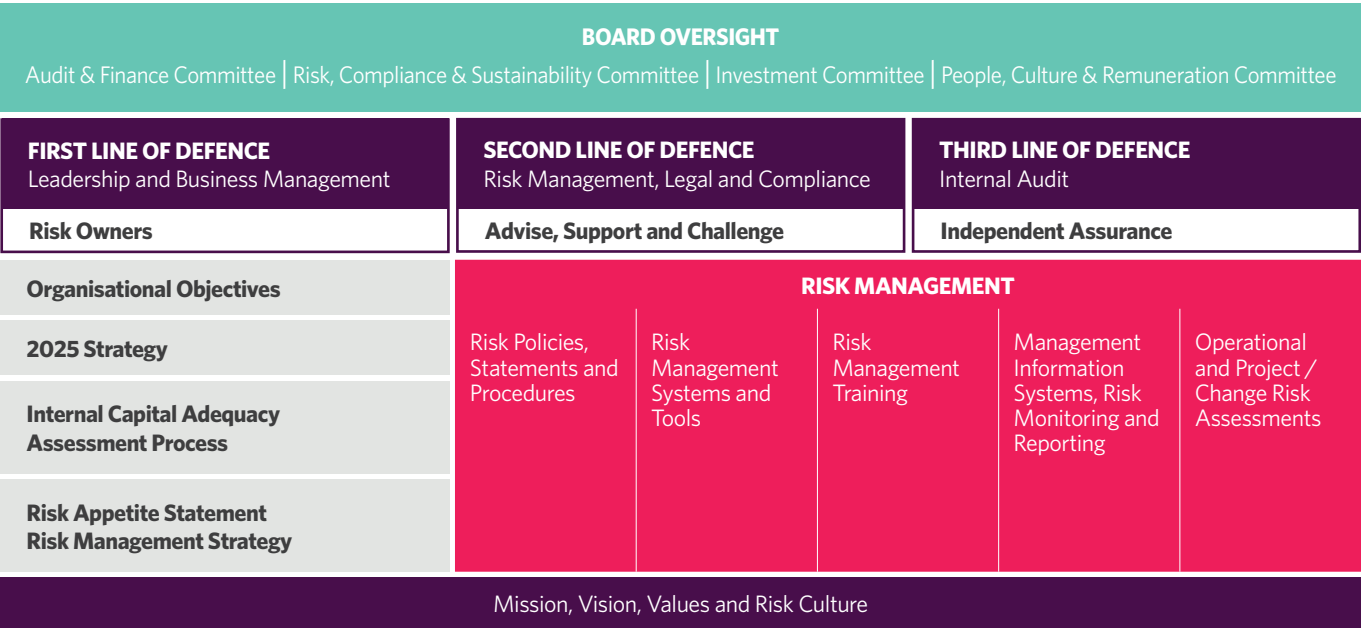
Our corporate governance framework and practices are regularly reviewed with regard to meeting current and evolving regulatory obligations.

Go to 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

We have a framework for risk management which is designed to align with our Vision, Mission and Values and with our strategic objectives and business plan. We’re committed to maintaining an organisational philosophy and culture which promotes effective risk management as an integral part of business operations. Led by the Board and Executive Team, we promote 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 our 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 we identify, measure, evaluate, monitor, manage and report risks associated with our decision making. It regularly reviews and approves policies that guide appropriate risk management across the organisation, in particular the HCF Risk Management Strategy and the HCF Risk Appetite statement, and sets the risk limits within which it expects the Company to operate, as well as ensuring compliance with applicable laws and regulations.

The Board endorses a ‘Three Lines of Defence’ risk accountability model as set out in the diagram above and on the following page.

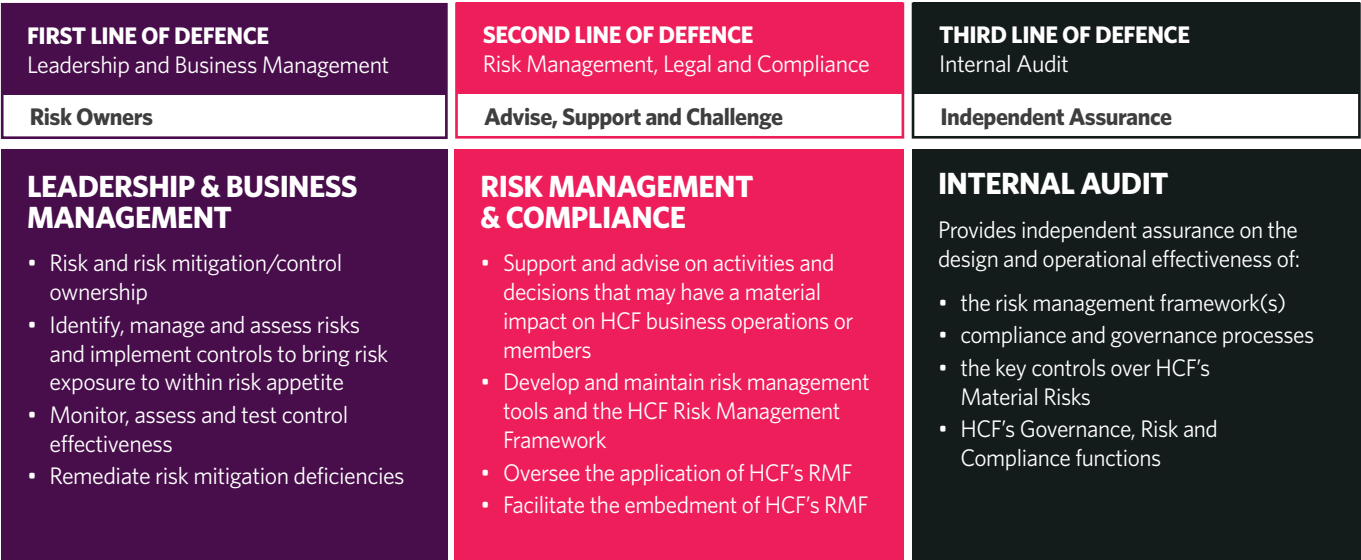
In recognition of the importance of effective risk management, our Risk, Compliance & Sustainability Committee assists the Board in fulfilling its corporate governance and risk oversight responsibilities.

The Committee reviews the RMF at least annually. By seeking input from the Executive Team and Business Management, the Committee monitors the management of the material risks that have the potential, if realised, to have a material impact on our business operations, member interests or our ability to achieve our strategic objectives. These include strategic, financial, insurance, operational, technology, information security and compliance risks.

The Committee also ensures that the RMF remains ‘fit for purpose’ and meets the requirements of APRA’s Prudential Standard CPS220 – Risk Management. The Executive Audit, Risk & Compliance Committee comprises the Executive Team members and meets at least quarterly ahead of the quarterly Risk, Compliance & Sustainability Committee meetings. It’s responsible for the oversight and management of risk and compliance across the business. It’s also responsible for providing the CEO & Managing Director and the Executive Team with group-wide visibility of risk, compliance and internal audit matters.

HOW WE MANAGE RISK

HCF adopts a ‘Three Lines Of Defence’ model for risk management accountabilities, as summarised in the diagram below.



RISK MANAGEMENT

Our RMF sets out the principles for the management of risk within HCF. It supports the Company to manage risks that may affect its ability to meet obligations to members and to make risk-based decisions which are consistent with its strategic objectives.

Key policy documents include the Risk Management Strategy, Risk Appetite Statement, and HCF’s Internal Capital Adequacy Assessment Process.

A suite of Board and Management strategies, policies and procedures is in place to articulate specific requirements and give guidance for organisational risk management.

FINANCIAL REPORTING

The Board receives regular reporting on the financial condition and operational results of the HCF Group. Management annually provides sign off to the Board that the Company’s financial records for the financial year comply with applicable accounting standards and Company policies 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 confirmation within the reporting period.

MATERIAL RISKS

Our achievement of our strategic and financial performance objectives can be adversely affected by risks that are inherent to the Company, given its business operations. They are continually monitored by Board and Management to ensure exposures are adequately identified, managed and are within the Board-approved risk appetite. These material risks are:

- External sourced risk, which includes risks such as government policy or agenda change that impacts HCF or the sectors within which HCF operates; economic environment risk; health insurance industry risks e.g. competitor activity.
- Strategic risks, such as reputation risk events, misconduct, strategic decisioning and execution risks.
- Insurance risk, which 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, which is the risk of financial losses arising, for example, as a result of market and investments, credit and liquidity exposure, as well as implications of breaching enterprise or regulatory capital requirements.
- Operational risk, which is risk of loss resulting from inadequate or failed internal processes, people and/or systems, or from external events.
- Compliance risk, which is risk of failure to act in accordance with laws, regulations, industry standards and codes, internal policies and procedures.
- Information Asset risk, which compromises the confidentiality, integrity and availability of information assets.
- Technology risk, which is inadequate availability, capacity and performance of HCF systems including cyber risk, the potential for a breach to result in the theft of, or compromises the integrity of, sensitive data or results in the unavailability of critical systems.

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 our 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 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 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 the industry, business and environment, as well as stakeholder expectations and critical business data.

It's 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 Audit & Finance Committee on an annual basis.

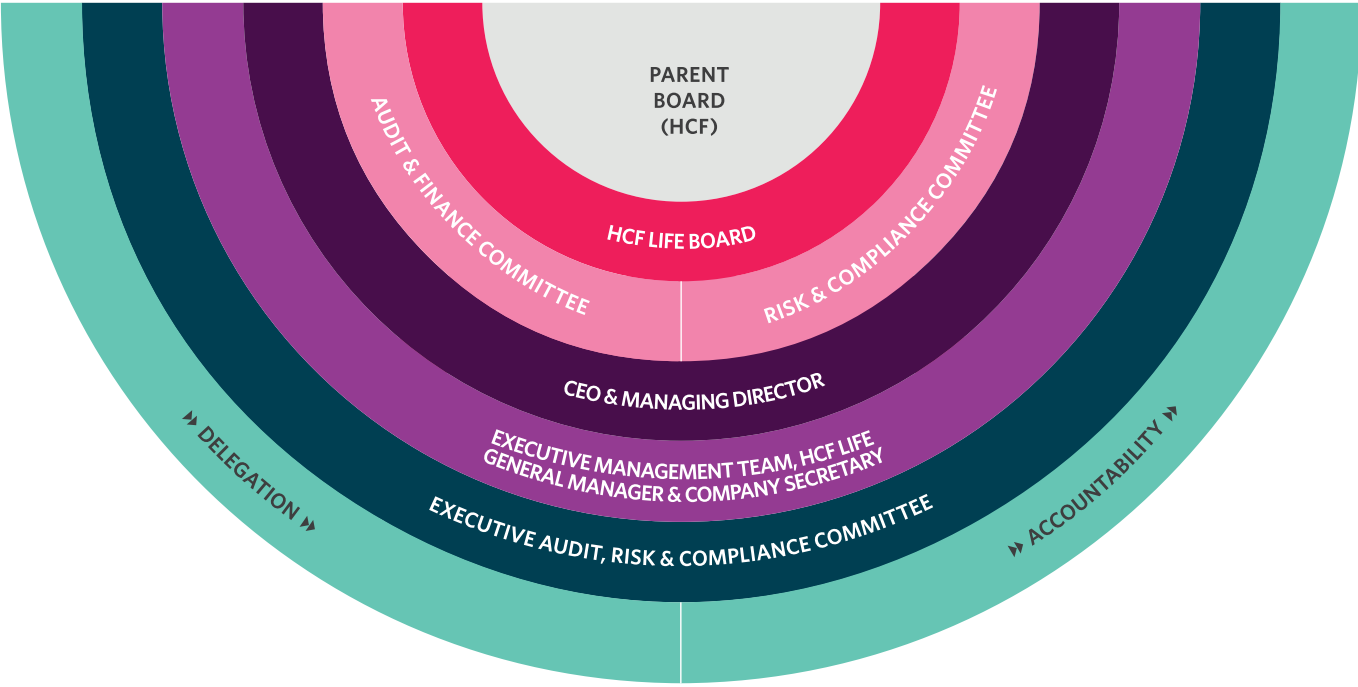
The Internal Audit Plan includes a dedicated independent assessment of the material risks for HCF Life and ensures appropriate audit coverage.

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 Investment Committee, People, Culture & Remuneration Committee and Nomination Committee.

HCF LIFE GOVERNANCE FRAMEWORK AND STRUCTURE



HCF LIFE BOARD & COMMITTEES

BOARD COMPOSITION

Pursuant to the APRA Governance Standard CPS 510, the Board must have a minimum of five directors, the majority of whom are independent Directors. In accordance with the Constitution the Board has determined that the number of Directors will not be more than eight. Board and Committee composition are set out in the table on the next page.

DIRECTOR	BOARD	AUDIT & FINANCE COMMITTEE	RISK & COMPLIANCE COMMITTEE
INDEPENDENT NON-EXECUTIVE DIRECTOR			
C. Hallinan	✓*	✓	✓
J. Barrington	✓	✓	✓^
M. Johnson ¹	✓	-	-
A. King	✓	✓^	✓
EXECUTIVE DIRECTOR			
S. Jack	✓	-	-

1. Mr Johnson was appointed effective from 3 November 2023.

* Chair of Board.

^ Chair of Committee.

Details of the Directors’ skills, experience and special expertise are set out in the Directors’ Report, contained in HCF’s Financial Report 2023–24 found at [hcf.com.au](https://www.hcf.com.au)

HCF LIFE BOARD ROLE AND RESPONSIBILITIES

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. Its role and responsibilities are set out in a Board Charter, which is available on our website at [hcf.com.au](https://www.hcf.com.au)

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 and 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 and the ICAAP Report; appointing the external auditor; appointing and 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.

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.

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.

COMPANY SECRETARY

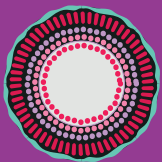
The Company Secretary is accountable to the HCF Life Board, through the Chair, on matters pertaining to the proper functioning of the HCF Life Board and Committees.

HCF LIFE BOARD COMMITTEES

Two committees assist the Board in carrying out its duties. Each committee has its own charter which sets out its role and responsibilities, structure, conduct and member composition. These charters are available on our website at [hcf.com.au](https://www.hcf.com.au). Additional executive committees, including the Executive Audit, Risk & Compliance Committee, are convened to assist the Board with particular matters or to exercise the Board’s delegated authority.

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.

BOARD COMMITTEE	HOW EACH COMMITTEE ASSISTS THE BOARD	THE COMMITTEE’S MEMBERSHIP
Audit & Finance	The Audit & Finance Committee provides 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.	The Committee will be comprised of at least three Non-Executive Directors, with a majority to be independent. All Committee members must be financially literate. At least one Committee member will have accounting and/or related financial management expertise.
	The principal role of the Committee is to assist the Board in its oversight and responsibilities around financial reporting, external audit, internal control and appointed actuary.	
Risk & Compliance	The Risk & Compliance Committee provides an objective, non-executive oversight of the implementation and operation of the Company’s risk management framework and compliance management in accordance with legislative and regulatory requirements. The principal role of the Committee is to assist the Board in assessing the effectiveness of the Company’s risk and compliance framework, including that an appropriate framework of policies, procedures, internal controls and reporting are established and maintained.	The Committee will be comprised of at least three Non-Executive Directors, with a majority to be independent.



ACKNOWLEDGEMENT OF COUNTRY

HCF acknowledges the traditional custodians of the lands and water upon which we work and live.

We acknowledge Aboriginal and Torres Strait Islander peoples' rich history as traditional healers and scientists, who have taken care of the health of the land and its people for thousands of years.

We give thanks to elders past and present, who we have much to learn from on our reconciliation journey.

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