

RISK, COMPLIANCE & SUSTAINABILITY COMMITTEE CHARTER

**The Hospitals Contribution Fund of Australia Ltd
(ACN 000 026 746)**

**Transport Health Pty Ltd
(ACN 099 028 127)**

(the "Companies")

BOARD APPROVAL DATE: 29 JUNE 2023

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1. INTRODUCTION AND PURPOSE OF THIS CHARTER

The Risk, Compliance and Sustainability Committee (**Committee**) has been established by the Boards (**Boards**) of The Hospitals Contribution Fund of Australia Ltd (HCF) and Transport Health Pty Ltd (together, the **Companies**) to provide an objective, non-executive oversight of the implementation and operation of the Companies' risk management framework and compliance management in accordance with legislative and regulatory requirements.

The Boards authorise the Committee, within the scope of its responsibilities, to perform the activities identified in this Charter.

The Committee will report on its proceedings and make its recommendations to the Boards.

2. ROLE AND RESPONSIBILITIES OF THE COMMITTEE

2.1. ROLE

The principal role of the Committee is to assist the Boards in fulfilling their corporate governance and oversight responsibilities in objectively assessing the effectiveness of the Companies' risk, compliance and sustainability frameworks, including monitoring that an appropriate framework of policies, procedures, internal controls, reporting, ethical standards (including the HCF Group Code of Conduct) and management accountability are established for risk management, legal/regulatory compliance and sustainability are consistently maintained. This responsibility includes recommending to the Boards the allocation of appropriate resources.

2.2. RESPONSIBILITIES

The Committee's responsibilities include:

2.2.1 Risk Management and Compliance

- a) the overall policy direction of the risk management and compliance functions;
- b) the attitude and appetite for risk and the extent to which risk culture supports the Companies' ability to operate consistently within its risk appetite;
- c) monitoring any desirable changes to risk culture, to facilitate a strong risk culture being maintained;
- d) reviewing the Companies' Risk Management Framework for identifying, monitoring and managing significant business as well as economic, environmental and social risks facing the Companies to monitor that the Risk Management Framework remains sound and that the Companies are operating within the risk appetite set by the Boards;
- e) advising the Boards on the Companies' overall current and future risk appetite and Risk Management Strategy, relative to its capital strength;
- f) annually reviewing and recommending the Companies' Risk Management Framework, Risk Management Strategy and Risk Appetite Statement for consideration and approval by the Boards;
- g) overseeing of senior management's implementation and operation of the risk management framework and internal compliance systems for effective management of financial and non-financial risks;
- h) monitoring compliance with the Companies' Risk Management Framework including that any significant breaches or material deviations from that framework are assessed and satisfactorily managed;
- i) overseeing that compliance with, and the effectiveness of, the Company's Risk Management Framework is subject to review by internal and/or external audit at least annually. The results of this review must be reported to the Audit and Finance Committee;
- j) liaising with the People, Culture and Remuneration Committee to provide assurance to the Board that the interpretation and application of HCF Group's Remuneration Policies and annual remuneration outcomes and practices are consistent with the Risk Management Framework, including that actual risk outcomes are appropriately reflected in those remuneration outcomes and practices;
- k) periodically (and at least every three years) reviewing the report by an operationally independent, appropriately trained and competent person on the appropriateness, effectiveness and adequacy of the Companies' Risk Management Framework;

- l) oversight of the HCF Information Security Framework and Information Security Policy, including monitoring of reporting, compliance, incident management and effectiveness, and making any recommendations to the Board for approval of amendments to the Framework or Policy;
- m) oversight of the Companies' policies and procedures to manage risk and compliance and oversight of managements review timetable for such policies and procedures;
- n) reviewing and making recommendations on the appropriate level and quality of reporting on the performance and application of the risk management system;
- o) reviewing the Companies' systems and procedures for compliance with applicable legal and regulatory requirements including the timely identification and implementation of legislative or regulatory change;
- p) oversee the business continuity management of the Companies to confirm ongoing identification, assessment and management of potential business continuity risks;
- q) review the Companies' policies in respect to the outsourcing of material business activities;
- r) review reports from management concerning any obligations arising under legislation relating to Anti-Money Laundering/Counter-Terrorism Financing and internal policies;
- s) receiving regular reports from management on any fraud, significant compliance breaches and material risk incidents as well as a summary of AFCA complaints, and monitoring actions taken such that any incidents identified are promptly rectified;
- t) overseeing stress testing of key risks including both scenario analysis and sensitivity analysis; and
- u) assessing management's supporting documentation for the annual APRA risk management declaration, in order to be in a position to recommend the declaration to the Boards for approval, as necessary.

2.2.2 Chief Risk Officer

- a) recommending to the Boards the appointment or removal of the Chief Risk Officer;
- b) reviewing the performance and setting the objectives of the Companies' Chief Risk Officer;
- c) ensuring that the Chief Risk Officer has unfettered access to the Boards and the Committee; and
- d) monitoring that APRA is notified as soon as practical, and no more than ten business days, following the removal of the Chief Risk Officer.

2.2.3 Corporate Insurance Program

- a) assessing the appropriateness and adequacy of the Companies' corporate insurance program in relation to managing risks; and
- b) reviewing and recommending to the Boards for approval the annual, and any significant changes to, the Companies' corporate insurance program.

2.2.4 Sustainability

- a) the overall policy direction for sustainability within the Companies;
- b) reviewing and recommending the Companies' Sustainability Strategy, reporting framework and overall roadmap (including the setting, disclosing and achievement of targets such as net zero) for consideration and approval by the Boards;
- c) reviewing progress against identified sustainability priorities and associated implementation roadmaps;
- d) overseeing the appropriate management and prioritisation of sustainability risks and opportunities and ensuring these are incorporated into HCF's long-term corporate strategy and Risk Management Framework;
- e) overseeing the implementation of the Companies' Sustainability Strategy and roadmap in relation to climate action and environmental impact;
- f) overseeing the Companies' social sustainability plans including how the Companies deliver social impact (improvement that solves inequalities and injustices) to members and the broader community;

- g) reviewing and recommending to the Boards for approval the external statements and disclosures around sustainability made by the Companies, including relevant sections in the 'Year in Review' Report and the Companies' Annual Reports;
- h) considering the Companies' position on relevant emerging sustainability issues;
- i) considering any other matters relevant to sustainability that are referred by the Boards; and
- j) monitoring that the Companies are meeting all necessary regulatory and legislative requirements in relation to sustainability and related matters.

3. ROLE OF THE CHAIR

The Chair is responsible for:

- a) providing appropriate leadership to the Committee;
- b) setting the agenda, style and tone of Committee discussions;
- c) facilitating Committee discussions to address core issues within the Committee's scope and referring such to the Boards (where required) and that adequate meeting time is allocated for consideration of all issues;
- d) monitoring the performance of the Committee; and
- e) liaising with any person as deemed necessary to assist with fulfilling the responsibilities of the Committee.

4. ROLE OF COMMITTEE MEMBERS

Committee members are responsible for:

- a) understanding the Companies' structure, controls and types of transactions in order to adequately assess the significant risks faced by the Companies and the effectiveness of its compliance culture, programs and processes;
- b) understanding the management responsibilities, performance measures, business objectives and operating environment of the Companies;
- c) disclosing to the Committee any actual or potential conflict of interest (including details of transactions and relationships) that may exist or might reasonably be thought of to exist in relation to their role and responsibilities as a Committee Member as soon as the situation arises and if deemed desirable by the Committee, take such steps as necessary and reasonable to resolve any conflict within an appropriate period;
- d) opting for non-participation in discussion and voting on any issue for which the Committee member has an actual or potential conflict of interest;
- e) devoting as much time and attention to the Committee for it to carry out its responsibilities; and
- f) making themselves available to meet with any regulator (including APRA) on request.

5. ROLE OF MANAGEMENT

5.1. PRIMARY RESPONSIBILITY

Management is responsible for:

- a) undertaking the risk management, compliance and sustainability activities of the Companies;
- b) maintaining sufficient knowledge, skills and expertise within the risk and compliance management function;
- c) fostering a strong culture of risk management and compliance throughout the Companies and embedding risk and compliance obligations in business processes; and
- d) escalating any new and heightened risks in a timely manner.

5.2. COMMUNICATION

The Managing Director and the Chief Risk Officer (and other members of the management team, as appropriate), are responsible for facilitating that all risk management, compliance and sustainability matters that fall within the Committee's scope of responsibilities are appropriately communicated to the Committee.

6. COMMITTEE STRUCTURE

6.1. COMPOSITION

The Committee will be comprised of at least three Directors, all of whom must be Non-Executive Directors with a majority to be independent.

The criteria used in defining independence are set out in the Companies' Board Charter. All appointments (including that of the Chair) and rotations will be determined by the Boards.

6.2. CHAIR

The Chair of the Committee will be appointed by the Boards.

The Chair must be an Independent Director and must not be the Chair of the Boards.

The Chair should have leadership experience and a strong risk management, regulatory and compliance and/or legal background.

The Committee may elect from any Independent Director member of the Committee a temporary Chair for the duration of any meeting of the Committee where the Chair is not present.

6.3. ATTENDANCE AT MEETINGS BY NON-MEMBERS

All Directors of the Boards are entitled to receive Committee papers and can attend the Committee as an invitee, subject to there being no conflict of interest. They are entitled to ask questions and express their views but are not entitled to vote.

The Chief Risk Officer will be invited to attend all relevant sections of meetings of the Committee.

Other persons/advisers may be invited to attend the Committee's meetings from time to time, by the Committee via the Chair.

7. CONDUCT OF COMMITTEE BUSINESS

7.1. FREQUENCY OF MEETINGS

The Committee will meet as frequently as required to perform its role but at least four times each year.

7.2. QUORUM

The quorum for Committee meetings will be two members.

7.3. SECRETARY

The Secretary of the Committee will be the Company Secretary of the Boards.

7.4. CONDUCT OF MEETINGS

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

The Committee will meet in private session at least once each year to assess the effectiveness of management, including the Chief Risk Officer.

The process for preparation and approval of minutes and the security and retention of papers is set out in the Director Board/Committee Papers and Minutes Policy.

7.5. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

The Committee will at all times have:

- a) free and unfettered access to the Head of Internal Audit and External Auditor, senior management, the Chief Risk Officer, financial control personnel and the Appointed Actuary, and vice versa; and
- b) unrestricted access to resources and information the Committee considers relevant to its responsibilities.

The Committee will provide sufficient opportunity (on at least one occasion each year) for the External Auditor, Head of Internal Audit, Chief Risk Officer and the Appointed Actuary to meet privately with members of the Committee and monitoring that the Head of Internal Audit, External Auditor, Chief Risk Officer and Appointed Actuary have unfettered access to raise matters directly with the Boards or the Committee at any time.

The Committee may seek independent professional advice, at the expense of the Companies, if it is considered necessary for the proper performance of the Committee’s responsibilities. The Chair of the Committee and the Secretary will facilitate the procurement of any such advice.

The Chief Risk Officer has a direct reporting line and unfettered access to the Committee, in addition to the agreed executive reporting line.

7.6. DELEGATION TO ACT

The Committee may, in its discretion, delegate some or all of its duties and responsibilities to the Chair of the Committee or the Chair of the Boards and may delegate any of its duties and responsibilities to a sub-committee of the Committee.

8. REPORTING

The Committee will make a copy of its minutes available to the Boards and will:

- a) through its Chair, regularly update and make recommendations to the Boards on matters falling within the scope of its role and responsibilities; and
- b) through its Chair, report to the Boards on matters before the Committee that may materially impact the financial condition or affairs of the Companies.

9. EVALUATION OF COMMITTEE PERFORMANCE

The Committee must perform an evaluation of its performance at least annually to determine whether it is functioning effectively and meeting the terms of this Charter and will report the outcome of the evaluation to the Boards.

10. REVIEW OF CHARTER

The Committee will review this Charter on an annual basis and, as appropriate, make recommendations to the Board on appropriate amendments.

I confirm that I have reviewed this Charter and am satisfied that it captures all operational and regulatory requirements.

TITLE	DATE	SIGNATURE
Chief Risk Officer	29 June 2023	<i>Bruce Christie</i>
Head of Legal & Compliance	29 June 2023	<i>Stuart Samard</i>
Company Secretary	29 June 2023	<i>Nathan Francis</i>

Do you have a question? Contact the HCF Company Secretary Team:

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