



Investment Committee Charter

The Hospitals Contribution Fund of Australia Ltd
(ACN 000 026 746)
(the "Company")

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1. Introduction and Purpose of this Charter

The Investment Committee (**Committee**) has been established by the Board of The Hospitals Contribution Fund of Australia Ltd (**Board**) to assist it in setting the investment strategy, investment policy and to provide oversight of the investments of the Company.

The Board authorises the Committee, within the scope of its responsibilities, to perform the activities set out in this Charter.

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

2. Role of the Committee

2.1. Role

The principal role of the Committee is to advise and make recommendations to the Board in relation to investment strategy and policy and oversee the investments of the Company.

2.2. Responsibilities

The Committee's specific responsibilities include:

Strategy and Policy

- (a) considering risk appetite in relation to investments and whether management of investments continues to reflect the appropriate appetite for risk as documented in the Company's Risk Appetite Statement;
- (b) considering and recommending the investment strategy and the subsequent setting of the investment policy, including the setting of appropriate objectives, determination of risk tolerances, investment holdings and allocation to asset classes, taking into account the business objectives and operating environment of the Company and its subsidiaries and the financial markets and trends;
- (c) considering and recommending expected investment returns for budget and financial planning purposes;
- (d) considering and making recommendations in relation to the capital management policy and capital management plan as they relate to investments;

Oversight

- (e) identifying appropriate external performance benchmarks and reviewing performance against those benchmarks;
- (f) monitoring performance of investments including performance of individual asset classes against budget, performance of individual asset classes against appropriate external performance benchmarks and performance of investment holdings against investment objectives;
- (g) establishing objectives and measures by which the performance of advisers will be evaluated, including the adequacy and timing of reporting;

Compliance

- (h) monitoring compliance with Board resolutions and external regulations in relation to the investment portfolio; and

Stakeholders

- (i) reviewing and recommending to the Board the selection and appointment (and as required the removal) of investment advisers, asset and/or fund managers and custodians.

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 ensure core issues within the Committee's scope are addressed, referred to the Board (where required) and that adequate 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) being financially literate and having a good understanding of key investment fundamentals;
- (b) understanding the structure, accountability, management responsibilities, performance measures, business, objectives and operating environment of the Company and its subsidiaries;
- (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; and
- (d) devoting as much time and attention to the Committee for them to carry out their responsibilities.

5. Role of Management

Primary Responsibility

Management is responsible for:

- (a) all investment related activities of the Company; and
- (b) maintaining sufficient knowledge, skills and expertise to manage investment activities.

Communication

The Chief Financial Officer (and other members of the management team, as appropriate) and the investment advisers are responsible for ensuring that all investment matters are appropriately communicated to the Committee.

6. Committee Structure

6.1. Composition

The Committee will be comprised of at least four Directors of the Company.

A majority of Committee members must be Independent Directors.

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.

All appointments (including that of the Chair) will be determined by the Board.

The term of service of members of the Committee will be reviewed by the Board at least annually, with a view to rotating members periodically, without, however, losing continuity of experience and knowledge gained by members of the Committee.

6.2. Chair

The Chair of the Committee will be appointed by the Board and must be an Independent Director.

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 Board 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.

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 and calling of meetings

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

The Chair must call a meeting of the Committee if requested by any member of the Committee, the External Auditor, the Head of Internal Audit or the Chair of the Board.

7.2. Quorum of meetings

The quorum for Committee meetings will be half the number of Independent Directors entitled to participate in the meeting.

7.3. Secretary

The Secretary of the Committee will be the Company Secretary of the Board, or his/her nominee.

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.

Matters will be debated openly and constructively amongst Committee members. The Committee may invite management or external consultants to attend meetings, where necessary and desirable.

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

The Committee may adopt such rules and regulations as it deems appropriate for the conduct of its affairs, provided only that they are not inconsistent with the HCF Constitution, this Charter or any resolution of the Board.

7.5. Access to Information and Independent Advice

Committee members will at all times have:

- (a) free and unfettered access to the investment adviser and vice versa;
- (b) unrestricted access to resources and information the Committee considers relevant to its responsibilities; and
- (c) the authority to require management or others to attend a meeting and to provide any information or advice that the Committee requires.

The Committee may seek independent professional advice, at the expense of the Company, 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.

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 Board 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 Board and will:

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

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 Board.

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.