

# PEOPLE, CULTURE AND REMUNERATION COMMITTEE CHARTER

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

**HCF Life Insurance Company Pty Ltd  
(ACN 001 831 250)**

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

**(the "Companies")**

**HCF BOARD APPROVAL DATE: 29 June 2023**

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## 1. INTRODUCTION AND PURPOSE OF THE COMMITTEE

The People, Culture and Remuneration Committee (**Committee**) has been established by the Board (**Board**) of The Hospitals Contribution Fund of Australia Ltd (**HCF**), HCF Life Insurance Company Pty Ltd, and Transport Health Pty Ltd (together, the **Companies**), to assist them in overseeing the development and implementation of key people, culture and remuneration practices (**PCR Practices**) of HCF and its subsidiaries (**HCF Group**).

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

In carrying out its role, the Committee must have regard to relevant prudential standards, the individual requirements of each Company as well as the overall requirements of the HCF Group. The Committee will report on its proceedings and make its recommendations to the Boards.

## 2. ROLE OF THE COMMITTEE

### 2.1. ROLE

The role of the Committee is to assist and advise the Board in fulfilling its corporate governance responsibilities as described in this section.

#### 2.1.1 HCF Group Remuneration Framework

The Committee exercises oversight of the design, operation and monitoring of the HCF Group Remuneration Framework (**'Remuneration Framework'**), including the HCF Group Executive Remuneration Policy and the HCF Group General Employee Remuneration Policy, and associate policies and practices, so that they:

- a) enable the HCF Group to attract, retain and motivate the CEO, directors, senior managers, and other employees of the HCF Group with the skill, expertise, and experience needed to achieve the objectives of the HCF Group, and in the case of HCF directors, the Director Eligibility Criteria as set out in the HCF Constitution;
- b) are fair and appropriate having regards to the performance of the HCF Group and the individual performance of the relevant CEO, director, senior manager, or employee;
- c) take into account an appropriate balance of financial and non-financial measures in assessing performance and remuneration outcomes;
- d) ensure that remuneration arrangements and variable remuneration outcomes not only align with prudent risk-taking but also with HCF Group's business plan, strategic objectives, sustainable performance, and long-term financial soundness;
- e) adequately identify and mitigate material conflicts to the objective of the Remuneration Framework that may result from compensation arrangement in place with third-party service providers (other than related bodies corporate); and
- f) comply with relevant legal requirements and prudential standards, including with respect to changes to those requirements from time to time.

#### 2.1.2 Oversight of PCR Practices

The Committee's role is also to assist and advise the Boards in matters relating to:

- a) ensuring all remuneration arrangements are consistent with prudential standards, are regularly benchmarked, align with market trends and are in accordance with the Remuneration Framework and policies, as amended from time to time;
- b) ensuring the Remuneration Framework, policies and practices are aligned to the HCF Group vision, values, and overall business objectives;
- c) ensuring remuneration outcomes of the CEO and the direct executive management team (Executives) are made in accordance with HCF Group Executive Remuneration Policy;
- d) overseeing the terms of service of the non-executive directors, and the employment arrangements of the CEO and Executives;

- e) overseeing talent and succession plans for the Executives (noting that the CEO's talent and succession plans will go directly to the Board);
- f) culture including values, behaviours and diversity and inclusion;
- g) ensuring there are no gender or other biases in HCF Group remuneration practices;
- h) workplace relations; and
- i) work health and safety.

## 2.2. RESPONSIBILITIES

In carrying out its role, the Committee has the following responsibilities:

### 2.2.1 Remuneration Framework

- a) Regularly review the Remuneration Framework (including the HCF Group Executive Remuneration Policy and the HCF Group General Employee Remuneration Policy) annually or if there is otherwise any material changes to the size, business mix or complexity of the HCF Group's business operations which makes a further review appropriate, to assess its effectiveness and compliance with legal requirements and prudential standards, and make recommendations to the Board in relation to the review. In particular, the Committee must be satisfied that the Remuneration Framework and its policies and practices encourage behaviours that support the long-term financial soundness of the Risk Management Framework (including aligning remuneration with prudent risk taking).
- b) Oversee a comprehensive review of the Remuneration Framework by an operationally independent, appropriately experienced and competent person at least every three years.

### 2.2.2 Readiness for the Financial Accountability Regime

Review and approve plans for, and oversee implementation of, the HCF Group accountability arrangements, policies and systems required to comply with the Financial Accountability Regime requirements.

### 2.2.3 Non-Executive Directors Remuneration Framework

Review and make annual recommendations to the Board:

- a) on the Remuneration Framework, policies and fee levels for non-executive directors on the Board, taking into account the non-executive directors' remuneration principles set out in the HCF Constitution. This includes a recommendation to the HCF Board on the appropriate fee pool for non-executive directors which the Board will submit to HCF's members at a general meeting; and
- b) on the Remuneration Framework and fee levels for non-executive directors of subsidiary boards.

### 2.2.4 Remuneration – CEO, Executives Specified Roles and other Designated Persons

Review and make annual recommendations to the Board for approval of:

- a) the total remuneration arrangements (total fixed remuneration and variable remuneration) and variable remuneration and other reward outcomes, including with respect to deferral and the application of in-period adjustments, malus, and clawback, of:
  - i. 'Specified Roles' in HCF Companies, as defined under the relevant prudential standard including:
    - A. the CEO;
    - B. the Executives and any other persons who exercise senior management responsibilities within the meaning of relevant APRA legislation and prudential standards (**Senior Managers**);
    - C. 'material risk-takers' as defined in the relevant prudential standard; and
    - D. persons whose primary role is risk management, compliance, internal audit (if that function is not outsourced to a third party), financial control or actuarial control (**Risk and Financial Control Personnel**),
 (collectively **Specified Roles**); and

- ii. other designated persons whose activities may (in the Committee’s opinion) affect the financial soundness of a Company or an HCF subsidiary (**Designated Person**); and
  - iii. any other person specified by APRA,  
provided that, for Risk and Financial Control Personnel, the Committee must ensure that any such remuneration arrangements do not compromise the independence and authority of those persons in carrying out their functions.
- b) other variable remuneration, reward tools and processes which may include:
- i. the design and rules of any variable remuneration arrangements (including short-term or long-term incentive plans) for the CEO, Executives, Specified Roles, and other Designated Persons, having regard to the Remuneration Framework and the relevant prudential standards;
  - ii. the performance of the CEO, Executives, Specified Roles, and other Designated Persons against their agreed objectives, as well as to make recommendations based on this review for the payment of any performance-linked incentives. Performance reviews provided to the Committee should include material information that have led to the remuneration outcomes and recommendations. Other relevant information should also be made available to the Committee and to the relevant Board, as requested and required; and
  - iii. any retention or sign-on rewards and termination payments for the CEO, Executives, Specified Roles, and other Designated Persons;
  - iv. the terms of the CEO contract of employment, including remuneration terms and any variation to such terms; and
  - v. material changes to general employee remuneration arrangements (including variable remuneration).

### **2.2.5 Risk Management**

The Committee will regularly and proactively engage with the Board Risk, Compliance and Sustainability Committee and the Chief Risk Officer, to provide assurance to the Board and 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.

### **2.2.6 Talent Management and Succession**

- a) Oversee the succession planning frameworks and processes for the CEO and Executives;
- b) Review, monitor and recommend to the Board the succession plans for the Executives, following consultation with the CEO; and
- c) Oversee the leadership initiatives towards the delivery of the HCF leadership strategy.

### **2.2.7 Organisational Culture**

Review and make recommendations to the Boards for approval of:

- a) the appropriate culture and values for the organisation and the plan to achieve it;
- b) the design of HCF Group’s policies relating to culture, which includes its Code of Conduct and policies relating to equal opportunity and anti-discrimination; and
- c) the Diversity and Inclusion Strategy.

Review, monitor and approve:

- d) the implementation of the culture plan referred to above to achieve the appropriate culture for the organisation and to report to the Boards on its progress;
- e) the measurable objectives that foster strong organisational culture across HCF Group and review progress towards these objectives. This includes review of the organisational employee survey results and related initiatives undertaken by management; and
- f) review HCF Group’s People & Culture strategy and any specific matters related to People & Culture as requested from time to time by the Boards.

## **2.2.8 Workplace Relations**

Review, monitor and provide input to the Board regarding:

- a) legislative, regulatory or market developments likely to have a significant impact on HCF Group in respect of employment issues;
- b) industrial relations strategies including enterprise bargaining agreements;
- c) regulatory compliance requirements relating to HCF Group's employment obligations.

## **2.2.9 Workplace Health and Safety**

- a) review and make recommendations to the Boards regarding HCF Group's policies and programs to protect the health and safety of employees; and
- b) monitor and review the HCF Group's performance against agreed workplace health and safety measures.

## **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 Boards (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 role and responsibilities of the Committee.

## **4. ROLE OF COMMITTEE MEMBERS**

Committee members are responsible for:

- a) being knowledgeable of the remuneration practices impacting the HCF Group;
- b) understanding the structure, accountability, management responsibilities, performance measures, business, objectives, and operating environment of each Company and the HCF 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;
- d) devoting as much time and attention to the Committee for them to carry out their responsibilities; and
- e) making themselves available to meet any regulator (including APRA) on request.

## **5. ROLE OF MANAGEMENT**

### **5.1 RESPONSIBILITY**

Management is responsible for:

- a) providing the Committee with recommendations on matters within its responsibility (as appropriate) as outlined in this Charter;
- b) executing the remuneration strategy, and ensuring that the HCF Group Executive and General Employee Remuneration Policies are applied consistently with the Remuneration Framework and as approved by the Committee and the Board;
- c) monitoring that remuneration packages of employees (other than those approved at Board level) and other reward tools are set in compliance with the Remuneration Framework and relevant regulatory requirements;
- d) providing the Committee with appropriate reporting relating to

- i. performance and remuneration outcomes; and
  - ii. risk conduct and consequence reports that may impact remuneration outcomes;
- e) executing the Diversity and Inclusion Strategy approved by the Board including developing, implementing, and monitoring initiatives to achieve the measurable objectives;
  - f) developing, implementing, and monitoring initiatives to foster strong organisational engagement and culture across the HCF Group consistent with the values of the organisation;
  - g) preparing external regulatory reporting requirements and disclosure standards; and
  - h) maintaining sufficient knowledge, skills, and expertise to manage people, culture, and remuneration activities.

## **5.2 COMMUNICATION**

The CEO and Chief Officer People & Culture (and other Executives, as appropriate) and any remuneration consultants are responsible for providing information to the Committee to make informed and objective decisions in relation to each of its responsibilities outlined in this charter.

## **6. COMMITTEE STRUCTURE**

### **6.1 COMPOSITION**

The Committee will be comprised of at least three Independent Directors:

- a) all of whom must be non-executive directors; and
- b) a majority of whom must be independent and free from any business or other relationship that, in the opinion of the Boards, would materially interfere with the exercise of his or her independent judgement as a member of the Committee.

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

The term of service of members of the Committee will be reviewed by the Boards 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 Boards 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.

Individuals, excluding non-executive directors and the Company Secretary (unless asked to leave), must not be present during discussion or participate in any decisions of the Committee in relation to their own remuneration or the specific remuneration policies that are applicable to them.

#### **6.3.1 Standing Agenda Item**

The Chief Risk Officer (or their delegate) will present and report to the Committee on the management of Risk Culture and Conduct Risk and consequences, as applicable, twice a year, thereby enabling the Committee to make recommendations on specific remuneration outcomes related to decisions or actions that have resulted in poor Risk Culture, Consequence Management and/or Conduct Risk outcomes for HCF.

## **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 three 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, Chief Officer, People & Culture, or the Chair of any of the Boards.

### **7.2 QUORUM OF MEETINGS**

The quorum for Committee meetings will be two members or such other number determined by the Boards.

### **7.3 SECRETARY**

The Secretary of the Committee will be the Company Secretary of the Company, or their 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 Boards.

### **7.5 ACCESS TO INFORMATION AND INDEPENDENT ADVICE**

The Committee will at all times have:

- a) free and unfettered access to any internal or external parties, including other Board Committees, Risk and Financial Control Personnel and People & Culture Personnel;
- 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.

Any engagement of a remuneration consultant or other third-party experts to provide a remuneration recommendation or other advice in respect of the CEO, Executives, Specified Roles must be commissioned in a manner that confirms the independence of any advice or recommendations received.

### **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 one 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 any of matters before the Committee that may materially impact the financial condition or affairs of the Companies.

The Committee will also, through its Chair, provide regular updates to HCF Company boards (as required) on matters detailed in (a) and (b) in so far as they impact HCF Companies (as required).



## 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 Boards on appropriate amendments.

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

TITLE	DATE	SIGNATURE
Head of Employee Experience	29 June 2023	<i>Evangeline Carpio</i>
Head of Legal	29 June 2023	<i>Stuart Samard</i>
Company Secretary	29 June 2023	<i>Nathan Francis</i>
Chief Executive Officer	29 June 2023	<i>Sheena Jack</i>

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



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