



People, Culture and Remuneration 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 People, Culture and Remuneration Committee (**Committee**) has been established by the Board of The Hospitals Contribution Fund of Australia Ltd (**Board**) to assist it in overseeing major remuneration practices as well as monitoring the development and implementation of the Remuneration Strategy, Remuneration Policy, Diversity and Inclusion Strategy, key human resource practices (including talent management and succession), work health and safety, organisational engagement and cultural matters (**PCR Practices**) of the Company 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.

The Boards of HCF Life Insurance Company Pty Ltd (**HCF Life**) and Manchester Unity Australia Ltd (**MU**) have delegated responsibility for oversight of PCR Practices to the Committee, to be exercised on an HCF Group basis.

In carrying out its role, the Committee must have regard to the individual requirements of each entity as well as the overall requirements of the HCF Group. The Committee will report on its proceedings and make its recommendations to the Board. The Committee will also report to the HCF Life and MU Boards on PCR Practices relevant to those entities as appropriate.

2. Role of the Committee

2.1. Role

The principal role of the Committee is to assist the Board in fulfilling its corporate governance responsibilities in relation to the remuneration and performance incentives of the Chief Executive Officer (CEO), non-executive directors, senior managers and other employees of the HCF Group. The HCF Group remuneration practices exist to:

- (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 directors, the Director Eligibility Criteria as set out in the HCF Constitution;
- (b) be fair and appropriate having regard to the performance of the HCF Group and the individual performance of the relevant CEO, director, senior manager or employee; and
- (c) comply with relevant legal requirements and prudential standards.

The Committee also assists the Board in reviewing: training and development plans, succession plans for executives and conditions of service of the CEO, directors and senior managers; performance against the Diversity and Inclusion Strategy and recommending appropriate changes (where required); key human resource practices; work health and safety and organisational engagement and culture survey results.

2.2. Responsibilities

The Committee's responsibilities include:

HCF Remuneration Structure and Policy and Entitlements and Benefits Policy

- (a) at least every three years, review and make recommendations to the Board in relation to the HCF Group Remuneration Policy and Entitlements and Benefits Policy (together, the **Policies**) and to assess the Policies' effectiveness and compliance with legal requirements and prudential standards. In particular, the Committee must be satisfied that the Policies encourage behaviours that support the long-term financial soundness of the HCF Group and its Risk Management Framework (including aligning remuneration with prudent risk taking);

Non-Executive Directors

- (b) review and make annual recommendations to the Board 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 sections 67 to 74 of the HCF Constitution. This includes a recommendation to the Board on the appropriate fee pool for non-executive directors which the Board will submit to members at the annual general meeting;
- (c) review and make annual recommendations to the Board on the remuneration framework and fee levels for non-executive directors of subsidiary boards;

Chief Executive Officer, Executives and other Certain Individuals

- (d) review and make annual recommendations to the Board on the total remuneration arrangements and all reward outcomes of the Chief Executive Officer, their direct reports, other persons whose activities may (in the Committee's opinion) affect the financial soundness of the Company or a subsidiary, other persons the Board determines, having regard to the Policies (including base pay, incentive payments, superannuation and other retirement rights and any other forms of remuneration) and any other person specified by APRA;
- (e) review and make recommendations to the Board on the design and rules of any short-term or long-term incentive plans for the Chief Executive Officer and their direct reports, having regard to the HCF Group Policies;
- (f) review the performance of the Chief Executive Officer and their direct reports against their agreed objectives and make recommendations based on this review for the payment of any performance-linked incentives. Performance reviews should include the use of appropriate tools, which includes 360 degree reviews and any other tool deemed appropriate by the Committee. The results from the reviews should be made available to the Board;
- (g) review and make recommendations to the Board in relation to any retention or sign-on rewards and termination payments for the Chief Executive Officer and their direct reports;
- (h) review and make recommendations to the Board on the conditions of service of the Chief Executive Officer and their direct reports;
- (i) in relation to the HCF Life General Manager and their direct reports and any other person the HCF Life Board determines having regard to the Policies, the Committee will make its recommendations for the matters outlined in (d) to (h) to the HCF Life Board;

General Remuneration

- (j) review and make annual recommendations to the Board on the remuneration structures for each category of persons covered by the Policies (other than those persons already covered under (b) to (j) above);
- (k) review and make annual recommendations to the Board in relation to any incentive schemes which are adopted, including reviewing their terms (including any performance hurdles or targets and the size of variable reward pools) and overseeing their administration;
- (l) review and make annual recommendations to the Board in relation to other forms of remuneration arrangements, commission or incentive schemes outside of the Remuneration Policy that relate to individuals or groups of individuals which are significant because of their structure, sensitivity, precedent or any regulatory disclosure implications;

Talent Management and Succession

- (m) review and make recommendations to the Board on training and development programs for the Chief Executive Officer, their direct reports and other senior managers;
- (n) oversee and make recommendations to the Board on the succession planning frameworks and processes for the Chief Executive Officer, their direct reports and other senior managers;

Diversity, Inclusion, Equal Employment Opportunity, Anti-Discrimination

- (o) review and make recommendations to the Board on the design of the HCF Group's policies relating to equal opportunity and anti-discrimination, including the Diversity and Inclusion Strategy (including setting appropriate measurable objectives);
- (p) review progress towards achieving the agreed objectives;

Organisation Engagement and Culture

- (q) review human resources strategy and any specific matters related to human resources as requested from time to time by the Board;
- (r) oversee the process for determining the values of the organisation and the communication of the values within the organisation, including review of the Code of Conduct;
- (s) make recommendations to the Board on appropriate measurable objectives that foster strong organisational engagement and culture across HCF Group and review progress towards these objectives. This includes review of the organisational engagement and culture survey results and related initiatives undertaken by management;

Workplace Health and Safety

- (t) review and make recommendations to the Board regarding the HCF Group's policies and programs to protect the health and safety of employees; and
- (u) 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 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 knowledgeable in remuneration practices of Australian public companies;
- (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;
- (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

Primary Responsibility

Management is responsible for:

- (a) providing the Committee with recommendations on matters within its responsibility (as appropriate) outlined in this charter;
- (b) executing the remuneration strategy and policy approved by the HCF Board and monitoring that remuneration packages of employees (other than those approved at Board level) are set in compliance with the Policies;
- (c) executing the Diversity Strategy approved by the Board including developing, implementing and monitoring initiatives to achieve the measurable objectives;
- (d) developing, implementing and monitoring initiatives to foster strong organisational engagement and culture across the HCF Group consistent with the values of the organisation; and
- (e) maintaining sufficient knowledge, skills and expertise to manage people, culture and remuneration activities.

Communication

The Chief Executive Officer and Chief Human Resources Officer (and other members of the management team, 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. All members of the Committee must be non-executive directors and a majority must be independent and free from any business or other relationship that, in the opinion of the Board, 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 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.

Individuals, excluding non-executive directors, 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.

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 Human Resources Officer or the Chair of the Board.

7.2. Quorum of meetings

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

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 Board.

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 those responsible for risk and financial control management, human resource management and internal audit 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.

Any engagement of a remuneration consultant or other third-party experts to provide a remuneration recommendation or other advice in respect of the Chief Executive Officer or their direct reports 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 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 of matters before the Committee that may materially impact the financial condition or affairs of the Company.

The Committee will also, through its Chair, provide regular updates to the HCF Life and MU Boards on matters detailed in (a) and (b) in so far as they impact HCF Life and MU respectively.

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.