

HBF HEALTH LIMITED

COUNCIL CHARTER

1. INTRODUCTION

1.1. Company Overview

HBF Health Limited (**HBF**) is a not-for-profit entity which operates on mutual principles. Founded in Perth in 1941, HBF has provided private health insurance to generations of Western Australians. Today, HBF is Australia's second largest not-for-profit health fund, providing hospital, ancillary and general insurance to more than one million members nationwide.

1.2. Charter Purpose

The purpose of this Council Charter (**Charter**) is to outline:

- (a) the responsibilities of the Council, and individual Elected, General and Board Councillors, when acting in their role as Councillors
- (b) anticipated information which will be available to Councillors from HBF to assist them in the performance of their role and responsibilities, and
- (c) the annual meeting cadence of the Council.

1.3. Monitor and Review

This Charter will be monitored from time to time and will be formally reviewed by the Board and Council once in every three-year period, or sooner if circumstances require. The review will consider the Charter's continuing fitness for purpose and alignment with HBF's governance frameworks and objectives.

1.4. Authority

This Charter has been established by the HBF Board in furtherance of HBF's general governance framework and the Constitution of HBF Health Limited (**Constitution**).

2. ROLE OF THE COUNCIL

2.1. Council Overview

Individuals appointed to the Council act as the formal members of HBF. It is to the Council to whom the HBF Board is ultimately accountable for the performance of its responsibilities in accordance with the HBF Constitution. Councillors may therefore consider their role is akin to a guardian of the long-term sustainable performance of HBF for the benefit of the organisation and its policyholders.

Overall Councillors should possess an array of skills and experiences relevant to their role and responsibilities and when representing the interests of policyholders.

2.2. Role of the Council

The role of the Council is to monitor the performance of the organisation by holding the Board accountable for strategic and financial outcomes, while recognising the primary role of the Board in accordance with the Constitution in the proper governance of the organisation.

Specifically, the Council has no inherent authority to make decisions, or speak, on behalf of HBF, and individual Councillors have no inherent authority to make decisions, or speak, on behalf of the Council.

2.3. Structure of the Council

The HBF Council is comprised of three categories of Councillors, each whom possess distinct characteristics valuable to the effective governance of the organisation. There are twenty-four (24) Councillor positions in total being:

- six (6) Board Councillors who are appointed by the Board from amongst the Board;
- six (6) Elected Councillors elected by Registered Policy Holders; and
- twelve (12) General Councillors elected at a general meeting of General Councillors.

Individuals who might otherwise hold office as both an Elected Councillor and General Councillor will be deemed to be an Elected Councillor only. Individuals who otherwise might hold office as a Board Councillor, Elected Councillor and General Councillor, will be deemed to be a Board Councillor only.

3. RESPONSIBILITIES OF THE COUNCIL AND COUNCILLORS

3.1. Approach

In the performance of their role, a Councillor should exercise an applied and intelligent perspective based on the individual's unique life's experience, remaining respectful of the views, perspectives and role of the Board, HBF management and other Councillors. Councillors should work collaboratively and respectfully as part of the HBF governance framework but with an enquiring and constructively challenging mindset.

Councillors are not burdened with any fiduciary duties to HBF.

3.2. Exercising Responsibilities and Resolutions

The Council can only exercise its authority and discharge its responsibilities through general meetings of the Council.

Motions are exercised at General Meetings of Councillors, or General Meetings of General Councillors, through the passing an Ordinary Resolution or a Special Resolution.

Motions decided by Ordinary Resolution are declared following the tally of votes cast via a show of hands which equal a majority. Motions decided by Special Resolution are declared following the tally of votes cast via a show of hands equalling at least 75%. A poll may also be used to tally votes cast in response to a motion for either an Ordinary or Special Resolution.

3.3. Key Responsibilities of The Council

The following are the key responsibilities of the Council.

3.3.1. Consideration of Accounts of HBF Health Limited

At the Annual General Meeting (**AGM**) of Councillors, the Council has a responsibility to consider the annual accounts of the company and reports of the Board. [Rule 12(g)]

In considering the annual accounts of the company, Councillors are given the opportunity to ask questions of the Board in relation to the documents under consideration.

3.3.2. Election and Removal of Directors

The Council is responsible for the election of Directors at the AGM of Council after considering the candidacy of those individuals as reported upon to the Council by the Board. [Rule 12(g)]

Each year, one third of the Directors, or the next highest number, who have served in their present term of office for longer periods than the other Directors, shall cease to be Directors but are eligible for re-election to membership of the Board. Directors who have been appointed by the Board to fill a casual vacancy since the last AGM of Council may also be standing for re-election.

The Council, by resolution duly passed at a General Meeting of Councillors, and after due process and consideration of matters, may seek to remove an individual as a Director. [Rule 7.9]

3.3.3. Total Remuneration Pool

The Council is responsible for agreeing any changes to the maximum total Director remuneration pool which is available for the Board to award and distribute as it sees fit. [Rule 7.8(a)]

3.3.4. Confidentiality

Councillors receive information from HBF in confidence and as an authorised recipient. Any unauthorised access by third parties to information provided by HBF is prohibited.

Councillors have a responsibility to ensure all information provided by HBF to them in their capacity as a Councillor, is kept confidential unless HBF advises otherwise.

3.3.5. Conflicts of Interest

A Councillor has a responsibility to disclose whether they have any actual or potential conflicts of interest which would prevent strategic and confidential information being provided to them due to the conflict scenario.

If you are in doubt as to whether a conflict exists, you should contact the Company Secretary to discuss the matter.

3.3.5.1. Managing Conflicts

Once disclosed, councillors must manage conflicts appropriately through by adhering to the following steps:

1. Disclose the details of the conflict to the Chair of the Board or the Company Secretary
2. With the assistance of the Company Secretary, agree and document an appropriate management strategy to eliminate the conflict or reduce the impact of it as far as is reasonably practicable, this can include strategies such as:
 - a. Not participating in, or being absent from, deliberations on a matter under consideration which has caused the conflict
 - b. Where the impact of the conflict is unable to be reduced to a level which is reasonable in the circumstances, by mutual agreement or in the opinion of the Council, consideration may be given to asking the Councillor to retire.

3.3.6. Councillor Succession

While there is no set maximum term of an Elected or General Councillor, succession planning should be an aspiration of the Council to ensure the collective governance body remains effective in the performance of its function, role and responsibilities.

Individual Elected or General Councillors should consider whether they should stand for re-election after 4 terms of office which equates to approximately 12 years, or whether they should retire, allowing the Council to remain open to new member perspectives and interests, and independent thinking, while retaining an appropriate level of experience and corporate knowledge.

3.3.7. Meeting Attendance

Given the limited number of times the Council meets with the Board and Management of HBF, Councillors should ensure they attend the scheduled meetings whenever possible, to ensure they are effectively meeting their responsibilities and appropriately representing the policyholders of HBF.

3.4. Elected Councillor Responsibilities

The following are key responsibilities of Elected Councillors:

3.4.1. Eligibility Criteria

An Elected Councillor must ensure they continuously meet the eligibility criteria as outlined within the Constitution. Elected Councillors must:

- Remain a Registered Policy Holder,
- Not be ineligible to act as a Director of a public listed company,
- Not be an employee, or a Family Member of an employee of HBF, and
- Satisfy Councillor independence requirements as outlined in the Constitution.

3.4.2. Elected Councillor Contact Details

Elected Councillors must ensure they keep the Company Secretary informed of any changes to their personal contact details, which are maintained by the Secretariat in the register of members and may be requested by other Councillors.

3.5. General Councillor Responsibilities

The following are key responsibilities of General Councillors:

3.5.1. Eligibility Criteria

A General Councillor must ensure they continuously meet the eligibility criteria as outlined within the Constitution. Elected Councillors must:

- Remain a Hospital Cover Policy Holder,
- Not be ineligible to act as a Director of a public listed company,
- Not be an employee, or a Family Member of an employee of HBF, and
- Satisfy Councillor independence requirements as outlined in the Constitution.

3.5.2. General Councillor Contact Details

General Councillors must ensure they keep the Company Secretary informed of any changes to their personal contact details, which are maintained by the Secretariat in the register of members and may be requested by other Councillor

4. ANNUAL MEETING SCHEDULE

The Council schedules the following meetings:

1. A meeting is scheduled near the beginning of April each year. Management and the Board will provide an update to the Council related to the financial performance of the company and the implementation of the strategic plan.
2. The AGM is held in October of each year. The notice of the AGM is distributed by the Company Secretary in accordance with the requirements outlined in the Constitution.

5. INFORMATION FOR COUNCILLOR

5.1. Regular Information from HBF

The Board and Management of HBF will provide regular updates to the Council in relation to the financial performance of the company, along with information about the implementation of the strategic plan.

The level of communication from HBF to Councillors depends on activities currently being undertaken by Management under direction of the Board. As a minimum, HBF will communicate with members on a quarterly basis, either in person at a Councillor briefing or general meeting, or via email.

HBF will provide the following standardised information to the Council on a quarterly basis:

<i>Type of Information</i>	<i>Regularity</i>
Financial Results (including half and full year results)	Quarterly update
Strategic Overview	Annually
Operational Performance	Quarterly update
Strategic Plan Achievements	Quarterly update
Regulator and External Environment	Quarterly update

HBF will provide other information to the Council, related to operational, environmental or regulatory developments or activities, as and when they occur.

5.2. Other Information

HBF will provide other relevant information to Councillors when deemed appropriate, which may include:

- Remuneration benchmarking data, in relation to the setting of the director fee pool
- Relevant organisational policies
- Nominated director profile/candidate, and other relevant Board composition information.