

# HBF HEALTH LIMITED

## RISK COMMITTEE CHARTER

### 1. Purpose and Authority

#### 1.1. Purpose

The primary objective of this Risk Committee (**Committee**) Charter is to outline the authority delegated to the Committee by the HBF Health Limited Board (**Board**). It also outlines the role of the Committee, its responsibilities, membership and operation.

A reference to HBF includes HBF Health Limited and any related subsidiaries.

#### 1.2. Authority

The Committee has been established in accordance with the authority given to the Board as outlined within the HBF Constitution.

The Committee has the authority and power to exercise the role and responsibilities outlined within this Charter, in addition to any authority granted to it in accordance with any resolution of the Board.

### 2. Role and Responsibilities

#### 2.1. Role

The role of the Committee is to assist and advise the Board on the implementation and operation of HBF's risk management culture and framework, ensuring HBF continues to fulfil its responsibilities relating to governance, risk management and compliance as required by relevant regulatory and operational requirements.

The Committee will also provide objective non-executive guidance to management in relation to established or proposed operational activities to ensure financial and non-financial risks are clearly identified and well managed.

##### 2.1.1. Regulator Engagement

Members of the Committee must be readily available to meet with APRA or any other regulatory authority on request.

#### 2.2. Responsibilities

The key responsibilities of the Committee include those related to:

##### 2.2.1. Risk Culture

The Committee is responsible for:

- Supporting management in the establishment of an appropriate risk-based culture documented within the risk management framework and assist to promote awareness of it throughout HBF.
- Monitoring risk culture within the organisation to ensure it supports HBF's ability to operate consistently and within the Board's risk appetite, making recommendations for improvement to the Board and management as required.

### 2.2.2. Risk Management Framework

The Committee is responsible for:

- Overseeing the development, maintenance and implementation of the Risk Management Framework by management, to ensure it meets regulatory requirements and enables the organisation to appropriately develop and implement strategies, policies, procedures and controls to manage risk, while providing the Board with a comprehensive institution-wide view of material risks.
- Notifying the Board of any significant breach of, or material deviation from, the Risk Management Framework.

### 2.2.3. Risk Appetite Statement

The Committee is responsible for:

- Annually reviewing, and making recommendations to the Board, on the current and future risk appetite of HBF, ensuring the risk appetite is appropriate, clear and concise and addresses HBF's material risks – including those related to the strategy and business plan.
- Maintain an organisation-wide view of the current and future risk position relative to the risk appetite and capital strength of HBF.

### 2.2.4. Risk Management

The Committee is responsible for:

- Annually review and make recommendations to the Board on the Risk Management Strategy ensuring it meets the requirements of relevant APRA risk management prudential standards.
- Overseeing the implementation of the Risk Management Strategy and internal control systems, including business continuity management, by senior management.
- Constructively challenging senior management's proposals and decisions on all aspects of risk management arising from operational activities.
- Reviewing and considering reports from management concerning credit, market and investment, solvency, liquidity, insurance, operational, strategic and business plan, reputation, legal and compliance risks ensuring any incidents and issues identified are addressed by management in an appropriate and timely manner.
- Monitoring the extent to which the operational structure of HBF facilitates effective risk management and ensure sufficient resources are dedicated to risk management, have clearly defined roles and responsibilities and possess appropriate experience and qualifications to discharge those responsibilities.
- Ensuring the risk management function continues to be appropriate for the size, business mix and complexity of HBF, is operationally independent and has authority to conduct risk management activities in an effective and independent manner.
- Ensuring the risk management function maintains a direct reporting line to the Board, Board committees and senior management to conduct its risk management activities in an effective and independent manner. The risk management function has unfettered access to all parts of HBF which have the potential to generate material risk.
- Make appropriate enquiries of management to ensure the Committee can recommend the Board approves the completion of the annual Risk Management Declaration to APRA.
- Receiving advice from the Audit Committee on any risk matters pertaining to and arising from the external and internal audit.

- Providing the Audit Committee with input as to which subject areas should form part of the annual Internal Audit Plan, including the annual review of the Risk Management Framework.
- Appraising the results of the review of the Risk Management Framework as completed in accordance with relevant prudential requirements.

### 2.2.5. Compliance

The Committee is responsible for:

- Overseeing the development, implementation and maintenance of HBF's compliance framework by management, to identify, manage, monitor and report on compliance obligations, statutory reporting requirements, legislative obligations and prudential requirements, including the rectification of incidents and breaches.
- Ensuring HBF's compliance function is adequately staffed by appropriately trained and competent persons who have sufficient authority to perform their role effectively and have a reporting line independent from business lines.

### 2.2.6. Insurance

The Committee is responsible for:

- Assessing the appropriateness and adequacy of the HBF's insurance program in relation to managing risks and approving the insurance program as and when required.

### 2.2.7. Chief Risk Officer

The Committee is responsible for:

- Overseeing and endorsing the appointment and removal of the Chief Risk Officer in accordance with regulatory requirements and make relevant recommendations to the Board for consideration.
- Reviewing the performance and set the objectives of the Chief Risk Officer.
- Ensuring the Chief Risk Officer is independent from business lines, revenue generating responsibilities and the finance function and must not be the CEO, Chief Financial Officer, Appointed Actuary or Head of Internal Audit. The Chief Risk Officer has unfettered access to the Board and Committee and reports directly to the CEO.
- Ensuring, where the Committee recommends the removal of the Chief Risk Officer from their position, the reasons for removal are discussed with APRA as soon as practicable, and no more than 10 business days after the Committee's endorsement is agreed upon.

## 3. Powers

- 3.1. The Committee has the authority to consider any matter relating to the implementation of the risk management policies and practices of HBF as it considers desirable and may direct any special projects or investigations it deems necessary.
- 3.2. In carrying out its responsibilities, the Committee has the authority to seek any information it requires from any member of management, employee of HBF, the Internal Auditor, External Auditor or the Appointed Actuary, and it has full access to books, records, facilities.
- 3.3. Each member of the Committee has free and unfettered access to any member of management, personnel of HBF, and other external parties when discharging its duties.
- 3.4. The Committee is authorised to take independent professional advice and secure the attendance of independent advisors at meetings, as it considers necessary.

- 3.5. The Committee has the authority to raise matters directly with the Board, as it considers necessary.
- 3.6. The Committee will notify the Board of any significant breach of, or material deviation from, the risk management framework.
- 3.7. The Committee has no executive powers in relation to its findings and recommendations, except as outlined within this Charter and as delegated by the Board from time to time.

#### **4. Membership**

- 4.1. The number of Committee members shall be at least 3, comprise non-executive Directors of the Board, a majority who must be independent.
- 4.2. The Chair of the Committee will be selected by the Board and must be an independent director but will not be the Chair of the Board or Audit Committee.
- 4.3. At least one member of the Committee will also be a member of the Audit Committee.
- 4.4. Composition of the Committee shall take into account the existence of any subsidiaries within HBF's corporate structure, and be reviewed by the Board on an annual basis.
- 4.5. Should the Chair of the Committee be absent from a meeting and no acting Chair has been appointed, the members of the Committee present at the meeting have authority to choose one of their number to be Chair for the duration of the meeting in question.
- 4.6. The Company Secretary of the Board of HBF will act as the Committee Secretary. The Committee Secretary is responsible for the preparation and distribution of the meeting agenda and associated documents and keeping copies of all materials put before the Committee.

#### **5. Meeting Procedure**

- 5.1. Meetings shall be held approximately four times in each financial year, and additionally as required.
- 5.2. A quorum shall be two (2) members of the Committee and only members of the Committee are entitled to vote at meetings.
- 5.3. The Chair of the Committee will call a meeting if requested by a Board member, Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, Internal Auditor, Company Secretary, or the External Auditor.
- 5.4. The Chief Risk Officer and Company Secretary shall attend each meeting. The Company Secretary will ensure minutes of each meeting are taken and provided to the Committee Chair for review.
- 5.5. The Chief Risk Officer in conjunction with the Company Secretary and Chair, shall prepare an agenda in advance of the meeting.
- 5.6. Directors who are not Committee members may attend meetings, at the invitation of the Committee Chair.
- 5.7. The Chief Executive Officer, Internal Auditor, External Auditor and the Appointed Actuary will attend the relevant portion of the meetings as requested by the Committee Chair.
- 5.8. The Chair of the Committee will report its findings or recommendations to the Board or relevant subsidiary.

- 5.9. Copies or extracts from the minutes may be circulated to invited attendees at Committee meetings at the discretion of the Chair or the Company Secretary.
- 5.10. Minutes of the meetings of the Committee will be approved by the Committee at its next meeting and provided to the Board and any relevant subsidiary Board thereafter.

## 6. Conflict of Interest

- 6.1. A Committee member who has a material personal interest in a matter that relates to the affairs of the Committee must give the other Committee members notice of his or her interest.
- 6.2. Committee members will not participate in discussions and will not vote on any issues in respect of which there is an actual or perceived conflict of interest.

## 7. Review of Charter

- 7.1. The Committee will review this Charter annually, or as close to annually as practicable, to ensure it is consistent with the Committees objectives, responsibilities, powers and regulatory requirements, unless circumstances require an earlier review be undertaken.
- 7.2. The Committee will recommend any amendments to the Board for approval.

## 8. Document Maintenance Data Table

Role	Title	Name	Date	Resolution #
Content Owner	Risk Committee	Helen Kurincic	25/02/2020	RCR.08.20
Approver	HBF Health Limited Board	Tony Crawford	26/02/2020	BDR.07.20
Version	Date	Amended by	Notes	
1	14 / 02 / 2020	Co Sec/EGM G&R		
2				
<b>Review Period</b>		Annually		
<b>Next Review Due</b>		February 2021		