

HBF Health Limited

Risk Committee Charter

1. Role and Authority

- 1.1. This Charter outlines the roles, responsibilities, and duties of the Risk Committee (**Committee**) of HBF Health Limited (HBF) and should be read with the Board Charter.
- 1.2. The purpose of the Committee is to assist the Board by providing objective non-executive review and oversight of the implementation and operation of HBF's Risk Management Framework (RMF). The responsibilities of the Committee include:
 - a) advising the Board on the institution's overall current and future risk appetite and risk management strategy;
 - b) oversight of HBF's current and future risk position relative to its risk appetite and capital strength;
 - c) oversight of senior management's implementation of the risk management strategy;
 - d) constructive challenge of senior management's proposals and decisions on all aspects of risk management arising from the institution's activities;
 - e) reviewing the performance and setting the objectives of the Chief Risk Officer (CRO) and ensuring the CRO has unfettered access to the Board and the Committee; and
 - f) oversight of the appointment and removal of the CRO.
- 1.3. The Board has delegated to the Committee the responsibilities set out in Attachment 1 and may make other delegations to the Committee from time to time.

2. Committee Composition

- 2.1. The Committee comprises of at least three members, all of whom must be non-executive directors and the majority of whom must be independent.
- 2.2. The Chair of the Committee will not be the Chair of the Board.
- 2.3. The Company Secretary (or their nominee) will be the Secretary of the Committee.

3. Committee Meetings

- 3.1. The Committee meets at least quarterly, or more often if necessary, to fulfill its responsibilities.
- 3.2. A quorum of the Committee will comprise any two members.
- 3.3. All directors will have access to Committee papers and may attend Committee meetings.
- 3.4. Non-executive directors may meet periodically without management present. The Committee may request or invite the external auditor, internal auditor, appointed actuary, management, or external consultants to attend all or part of a Committee meeting. The CRO will be invited to attend all Committee meetings.

4. Agenda and Minutes

- 4.1. Each Committee meeting will have a structured agenda. The agenda is determined by the Committee Chair, the CRO, and the Company Secretary. Any director, the external auditor and internal auditor, may request that a particular item is added to the agenda.
- 4.2. The agenda and supporting documentation will be distributed to Committee members within a reasonable time before each meeting.

- 4.3. Minutes of each Committee meeting will be prepared by the Company Secretary and presented for approval at the next Committee meeting.

5. Access to Management and Others

- 5.1. The Committee has free and unfettered access to the CEO, the executive management team, external auditor, internal auditor, appointed actuary, and any other relevant internal and external party (including risk and financial control personnel), and information and may make any enquiries to fulfill its responsibilities.
- 5.2. The CRO has unfettered access to the Committee.
- 5.3. Committee members may rely on information, professional or expert advice given, prepared or relied upon by an individual in accordance with section 189 of the *Corporations Act 2001 (Cth)*.

6. Independent Professional Advice

- 6.1. The Committee has the right to seek independent professional advice, subject to the approval of the Board Chair (or in the Board Chair's absence, the Deputy Chair), at HBF's expense, in respect of any matter related to the discharge of its responsibilities.
- 6.2. Advice received should be distributed to the whole Committee as appropriate, unless this would result in unreasonable prejudice to the director seeking the advice.
- 6.3. Committee members are entitled to rely on the expertise of independent experts, so long as they are not aware of any grounds that would make such reliance inappropriate.

7. Reporting

- 7.1. The Committee Chair will report to the Board on the business of the Committee.
- 7.2. The Committee will refer an issue to the Board or another Board Committee where the issue falls within their responsibility, or if it would benefit from having the Board or that Board Committee's consideration.

8. Committee Performance and Charter Review

- 8.1. The Committee conducts an annual review of its own performance and makes recommendations for improvements where necessary.
- 8.2. This Charter will be reviewed by the Committee every two years, or sooner if circumstances require, with any amendments recommended to the Board for approval.

Attachment 1 | Duties & Responsibilities

Risk Management Function

1. Monitoring the effectiveness and adequacy of resources of the risk management and compliance functions, including to ensure that they continue to be appropriate for the size, business mix and complexity of HBF and are operationally independent.

Risk Management Framework

2. Overseeing the development, implementation, and operation of the RMF (including key controls) and reviewing at least annually compliance with, and the effectiveness of the RMF, to ensure it meets regulatory requirements and enables HBF to appropriately develop and implement strategies, policies, procedures, and controls to manage material risks.
3. Receiving and reviewing a triennial report on the appropriateness, effectiveness, and adequacy of the RMF to satisfy itself that that the RMF continues to be sound and that HBF is operating within risk appetite.
4. Reviewing and recommending to the Board for approval the annual risk management declaration as required by APRA Prudential Standard CPS 220 – Risk Management.
5. Considering any information arising at, and referred by, the Audit Committee that affects the appropriateness or effectiveness of the RMF or management of risk.

Risk Management Strategy

6. Reviewing and recommending to the Board for approval HBF's Risk Management Strategy, ensuring it effectively addresses the material risks faced by HBF and that it meets the requirements of APRA Prudential Standard CPS 220 – Risk Management.
7. Overseeing the implementation of the Risk Management Strategy and internal control systems.

Risk Profile and Risk Appetite

8. Advising the Board on HBF's overall current and future risk appetite and reviewing and recommending to the Board for approval the Risk Appetite Statement.
9. Overseeing HBF's current and future risk position relative to its risk appetite and capital strength.
10. Reviewing and considering reports from management on:
 - a) material risks (financial market and investment risk, liquidity risk, insurance risk, operational risk, credit risk, risks arising from the strategic and business plans) as outlined in the RMF and other risks that, singly or in combination with different risks, may have a material impact on HBF;
 - b) any significant breaches of, or material deviation from, the RMF;
 - c) any material incident involving fraud or a break-down of risk controls; and
 - d) the resolution of significant risks matters and incidents.
11. Reviewing management's plans to mitigate material risks faced by the HBF Group.
12. Monitoring new and emerging sources of risk and the controls and mitigation measures put in place to address with those risks.
13. Monitoring the performance of operational risk management and controls, including the management of data and data quality.
14. Constructively challenging management's proposals and decisions on all aspects of risk management arising from HBF's activities.

Capital Management

15. Overseeing the Internal Capital Adequacy Assessment Process (ICAAP) and monitoring capital levels for consistency with the Risk Appetite Statement.
16. Approving the ICAAP Summary Statement and reviewing and recommending the ICAAP report to the Board for approval.

Business Continuity

17. Overseeing HBF's disaster recovery and business continuity frameworks.

Material Outsourcing

18. Reviewing and reporting to the Board on the status of the risks that have been identified and the effectiveness of the risk controls that have been developed and implemented for each material business activity which is subject to an outsourcing arrangement.

Compliance

19. Overseeing the development, implementation, and operation of HBF's compliance management framework and reviewing whether it effectively manages HBF's compliance risks.
20. Reviewing reports from management on the compliance processes that are in place to anticipate and effectively manage the impact of current and proposed regulatory changes on HBF's operations.
21. Overseeing that HBF has in place appropriate mechanisms to ensure ongoing compliance with all relevant laws, regulations, codes, and prudential standards.

Information Security

22. Reviewing and approving policies and standards that require or are reserved for Committee approval under HBF's information security framework.
23. Reviewing the adequacy and effectiveness of the mechanisms in place to detect and respond to information security incidents in a timely manner.
24. Overseeing that HBF has systems in place to test the effectiveness of its information security controls.
25. Reviewing and considering reports from management on information security risks, any material incidents involving a control weakness and monitoring management's plans to address and remediate the control weakness.
26. Discussing and providing guidance on management's proposals and decisions on all aspects of information security arising from HBF's activities.
27. Ensuring that the information security function is appropriately resourced for the size and extent of threats to HBF's information assets.

Remuneration

28. Assessing, and reporting to the People, Culture & Remuneration Committee, any risk matter that warrants the People, Culture & Remuneration Committee's, or the Board's consideration in recommending variable remuneration award or other outcomes for the CEO and the CEO's direct reports and other personnel within the remit of the People, Culture & Remuneration Committee.

Environmental, Social and Governance

29. Overseeing and assessing the environmental, social and governance risk impact of HBF's activities, as it relates to financial risks and non-financial risks arising from climate change.
30. Reviewing and approving HBF's Modern Slavery Statement.

Health, Safety and Wellbeing

31. Reviewing and approving HBF's Health, Safety and Wellbeing Policy.
32. Reviewing the ongoing effectiveness of HBF's Health, Safety and Wellbeing Policy and receiving reporting on health, safety, and wellbeing risks, incidents, and issues.

Insurance Program

33. Reviewing the structure and adequacy of HBF's Corporate Insurance Program, having regard to HBF's business needs and the insurable risks and approving it on an annual basis.

Risk Culture

34. Assisting the Board to form a view of the risk culture at HBF, and the extent to which that culture supports the ability of HBF to operate consistently within its risk appetite, identify any desirable changes to risk culture and ensures HBF takes steps to address those changes.
35. Receiving reports on periodic risk culture survey results and insights and recommending to the Board actions that the Committee considers necessary to instil, or reinforce, the desired risk culture (with matters relating to organisational culture referred to the Board People, Culture & Remuneration Committee).

Chief Risk Officer

36. Overseeing and recommending to the Board for approval the appointment, and should it be necessary, the removal of the CRO. If the CRO is removed from their position, the reasons for removal must be discussed with APRA as soon as practicable, and no more than 10 business days, after the Committee's recommendations is agreed upon.
37. Setting the CRO's objectives, monitoring the independence of the CRO and reviewing the performance of the CRO (with matters relating to the CRO's remuneration outcomes to be addressed by the People, Culture & Remuneration Committee).
38. Inviting the CRO to attend all relevant sections of meetings of the Committee.

Governance and Regulator Engagement

39. Approving policies and standards that require or are reserved for Committee approval under HBF's Policy Framework.
40. Overseeing HBF's engagement with APRA and other regulators on risk matters and meeting with APRA or any other regulator on request.
41. In consultation with the Board Chair, engaging with APRA as soon as practicable, but within ten business days, following Board approval to remove the CRO.