



Asset & Liability Committee Charter

CBHS Health Fund Limited

December 2019

Asset & Liability Committee Charter

The Charter of CBHS' Asset & Liability Committee (**Committee**) set out in this document was approved by the Board of Directors of CBHS Health Fund Limited (**Board**).

1. Purpose

The purpose of this Asset & Liability Committee Charter is to set out the authority delegated to the Committee by the Board and to set out the role, responsibilities, membership and operation of the Committee.

2. Establishment

The Asset & Liability Committee has been established by resolution of the Board.

3. Role

The role of the Committee is to assist and make recommendations to the relevant Boards of CBHS and CBHS Corporate on management of capital, the development of investment objectives and the implementation of appropriate strategies for the investment of assets.

4. Authority

The Committee has the authority and power to exercise the role and responsibilities set out in this Charter and under any separate resolutions approved by the Board from time to time.

5. Access to Information and Advisers

The Committee has direct and unlimited access to all resources necessary to discharge its responsibilities. This includes:

- a. requiring senior management or others to attend meetings and to provide any information or advice that the Committee requires;
- b. accessing CBHS documents and records;
- c. obtaining the advice of special or independent advisers or other experts without seeking approval of the Board or management;
- d. having free and unfettered access at all times to senior management, risk and financial control personnel and other parties (internal and external); and
- e. the authority to conduct or direct any investigation required to fulfil its responsibilities including engaging such external advisers as it deems necessary to carry out its functions.

6. Responsibilities

The Committee is responsible for reviewing and making recommendations to the Board on:

- on the appropriate investment objectives, strategic benchmarks, investment structure, investment target allocations and investment delegations for the relevant CBHS Group's investment activities;
- where practical, embed Environmental, Social and Governance (ESG) factors in all investment considerations;

- review the CBHS' Capital Management Plan, Liquidity Management Plan and Investment Policy at least annually and to recommend to the Board any proposed changes to the Plans and Policy identified from the review;
- review new investment proposals and recommend to the relevant Boards whether or not the proposals should be adopted;
- monitor the performance of CBHS' investment advisors, individual fund managers and any other investment consultants, and conduct a formal review of their performance at least annually.
- make recommendations on the appointment, compensation and retention of CBHS' investment advisors;
- review reports on investment performance and outlook and make appropriate recommendations to the relevant Board(s);
- consider any other matters referred to the Committee by the relevant Board(s);
- report to the Board(s) on its activities:
 - For CBHS this will include tabling the minutes of the Committee meetings;
 - For CBHS Corporate this will involve a quarterly report detailing the performance of all funds under management benchmarked against the appropriate index; and
- consult the relevant Chairman of the Board about their proposals and have access to professional advice outside the company.

7. Membership

7.1 Composition and Size

The Committee is appointed by the Board and shall consist of at least three members:

- a. with no less than two being Non-Executive Directors of CBHS;
- b. a majority of whom are independent directors¹;
- c. who should have capital and investment expertise so as to discharge the Committee's mandate effectively; and
- d. the Board will review the membership of the Committee annually.

7.2 Chair

The Chair of the Committee must be an independent director and must not be the Chair of the Board. The Chair of the Board can be a member of the Committee.

¹ A reference to independent director is a reference to APRA's Prudential Standard CPS 510 Governance.

7.3 Secretary

The Company Secretary is the secretary to the Committee, however, either the Company Secretary or the Assistant Company Secretary may attend the meetings of the Committee.

8. Meetings

8.1 Frequency and Scheduling

The Committee meetings will be conducted in accordance with the provisions of CBHS' Constitution and APRA's Prudential Standards. The Committee will meet a minimum of four times each year or otherwise as frequently as required to undertake its role effectively.

Meetings will be scheduled for an upcoming calendar year towards the end of each calendar year. Unscheduled meetings may be convened by the Chair where required (including using technology as permitted by the Constitution).

In cases where circumstances make it impractical to convene and hold a meeting, the Committee may pass resolutions by each member signing a circular resolution.

8.2 Quorum

Two committee members constitute a quorum for meetings of the Committee.

8.3 Third Party Attendances

Third parties may attend meetings by invitation.

8.4 Minutes and Reporting

The minutes of Committee meetings must be circulated at the next Board meeting immediately following the Committee meeting (unless, because of time constraints, this is not practicable, and the minutes can only be reasonably circulated at a later Board meeting).

The Committee through its Chair will:

- a. report to the Board on its activities at the next Board meeting on a regular basis and no later than the next Board meeting following a Committee meeting; and
- b. ensure that the Board is aware of material matters considered by the Committee.

9. Performance

The Committee will ensure that its performance against the Charter is formally reviewed at least annually in accordance with processes established by the Board and the Company Secretary will report the findings of that review to the Committee. The Chair of the Committee will report the findings of that review to the Chair of the Board.

10. Review

This Charter will be reviewed by the Committee annually, including reviewing and evaluating the effectiveness of the Committee in meeting the individual needs and requirements of CBHS.

Proposed changes to the Charter will be submitted to the Board for approval. The Committee may approve non-material or administrative amendments to this Charter and report these to the Board.

This Charter is to be made available on the CBHS website at www.cbhs.com.au

11. Version

Version Number	Date Approved	Changes
V1.0	December 2016	Changes included providing further details for Committee Support
V1.1	ALCo – 17 November 2017 Board – 22 December 2017	Changes include: <ul style="list-style-type: none"> • Consistent application of ALCo name; • to include Environmental, Social and Governance (ESG) factors in all investment considerations into the Committee’s responsibilities; • To include a cover page, similar to other Committee Charters; and • To include a Charter History sections, which will detail the changes made to the charter each year.
V1.2	ALCo – 15 August 2018 Board – 28 June 2018 (in principle agreement to amend Charter) Board – 20 December 2018 (Approved)	Changes include the responsibility to support and advise the Board of CBHS Corporate on its funds under management.
V1.3	ALCo - 8 November 2019 Board – 12 December 2019	Annual review and reformatted to incorporate standard template for Charters.