



## Board Governance Charter

### 1. Introduction

Queensland Teachers' Union Health Fund Ltd ('the Company') is a not-for-profit health insurer that aims to be the lifetime health partner for union members and their families.

In carrying out its responsibilities and exercising its powers, the Company's Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the health fund members of the Company, as well as other clients and the Company's employees, stakeholders, the community and Company members. It works to promote and maintain an environment within the Company that establishes these principles and the Company's values as basic guidelines for all of its employees and representatives at all times.

The Board adheres to its statutory obligations imposed by legislation and regulatory requirements such as the Australian Prudential Regulation Authority's Prudential Standards. It has also adopted the use of the principles and recommendations from the ASX Corporate Governance Principles and Recommendations and guidance issued by APRA and the Australian Institute of Company Directors, where applicable.

The Board's charters, policies and procedures apply to the group. Group refers to parent entity Queensland Teachers' Union Health Fund Limited and its subsidiaries. Subsidiaries are all entities over which the Group has direct control.

### 2. Purpose and Role

2.1. In performing the responsibilities set out below, the Board of Directors is required to act at all times in a manner designed to create and build sustainable value for members, and in accordance with the duties and obligations imposed upon Directors by the Company's Constitution, relevant regulatory bodies and by law.

2.2. The Board is responsible for:

- (a) charting the direction, strategies, key performance indicators and financial objectives of the Company and ensuring management receives the appropriate resources to deliver the required outcomes;
- (b) setting the overall reward/risk framework including the Company's risk appetite and tolerance levels;
- (c) ensuring the organisation complies with all its contractual, statutory and legal obligations such as the *Private Health Insurance Act 2007*, *Private Health Insurance (Prudential Supervision) Act 2015* and the *Corporations Act 2001*;
- (d) ensuring the organisation is successfully managed and remains safely within capital adequacy and solvency requirements;
- (e) monitoring compliance with control and accountability systems, regulatory requirements, social, environmental and ethical standards, and risk management systems;
- (f) ensuring the preparation of accurate financial reports and statements;
- (g) reporting to Company members, regulatory bodies and other relevant stakeholders on the performance and state of the Company;

- (h) appointing a Chair who meets the requirements for an Independent Director;
- (i) reviewing on a regular and continuing basis:
  - Director and executive succession planning (in particular for the Chief Executive Officer);
  - Committee membership; and
  - Director and executive development activities; and
- (j) determining independence of Directors appointed on that basis in accordance with legislative requirements and the following criteria:

The Director considers himself or herself free from any business or other association that could materially interfere with the exercise of his or her independent judgment, including:

  - not being, or having not in the three years immediately prior to serving on the TUH Board been, employed in an executive capacity by the Company;
  - not being an officeholder of the Queensland Teachers’ Union;
  - not being, or having not in the three years immediately prior to serving on the Board been, a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with the service provided by such an advisor or consultant;
  - not being, or having not in the three years immediately prior to serving on the Board been, a material supplier or customer of the Company, or an officer of, or otherwise associated directly or indirectly with, a material supplier or customer; and
  - not having a material contractual relationship with the Company.

2.3. In addition to the responsibilities set out for all Directors below, the Chair is required to:

- (a) provide leadership and vision to the Board;
- (b) be the spokesperson, in conjunction with the Chief Executive Officer, to external stakeholders, including the media, where appropriate. In this respect, the Chair has a role to play in the overall public relations and corporate image of the organisation;
- (c) provide mentoring for the Chief Executive Officer;
- (d) co-ordinate informal and formal evaluation processes for the Board, both collectively and as individuals; and
- (e) attend all or any Board Committee meetings as a member of a Committee or if not a member, may attend in an ex-officio capacity.

2.4. The role of the individual Director includes:

- (a) contributing to the collective responsibility of ensuring the Board carries out its overall purpose;
- (b) actively participating in the deliberations and decision-making process of the Board in an objective manner;
- (c) complying with obligations imposed by legislation;
- (d) complying with policies as set by the Board from time to time, including the TUH Employee and Director Code of Conduct Policies;
- (e) making active enquiry to ensure that the Board has the necessary information for effective decision making;

- (f) keeping confidential all Board discussions, deliberations and documentation;
- (g) deleting any personal commentary or annotations made by the Director on any Board papers, Minutes or other documentation that were referred to by the Director during deliberations or discussions, or returning or securely destroying all copies (electronic or otherwise) of these documents. Copies of all Board documents, including tabled documents, are retained by the Company and remain the property of the Company. All Directors have immediate and ongoing access to these documents under the terms of the Deed of Access agreement;
- (h) undertaking reading and research which will enhance individual contribution to the activities of the Board, including maintaining knowledge of the health insurance industry and appropriate legislation; and
- (i) seeking outside legal or other independent professional advice, if required, in consultation with the Chair to carry out his or her role; and
- (j) ensuring that any potential conflict of interest or event which would result in the Director being considered a 'disqualified person' under the *Private Health Insurance (Prudential Supervision) Act 2015* is disclosed when it may apply or occur, including at the beginning of each meeting.

### 3. Powers

3.1 In addition to matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are as follows:

- (a) reviewing and ratifying each of the following:
  - i. systems of risk management and internal control and compliance, including an independent audit function or provider, codes of conduct and legal compliance;
  - ii. the performance of the Company against its approved strategies and key performance indicators;
  - iii. financial and other reporting; and
  - iv. major capital expenditure, capital management, investments, acquisitions and divestitures.
- (b) any matters in excess of the authority that, from time to time, it may have delegated to the Chief Executive Officer and Executive Managers (for instance, in relation to capital expenditure and investment management);
- (c) appointing and removing the Chief Executive Officer and determining his or her terms and conditions of employment (including remuneration); and
- (d) approving each of the following, on the recommendation of the Chief Executive Officer where appropriate:
  - i. the strategic plan, at least annually;
  - ii. the budget, at least annually;
  - iii. the appointment and, where appropriate, the removal of the Company Secretary;

- iv. the remuneration and conditions of service, including financial incentives, for the Company Secretary;
- v. significant changes to organisational structure;
- vi. the acquisition, establishment, disposal or cessation of any significant business of the Company;
- vii. any proposed change to the Company's constitution, charters and Company membership processes;
- viii. any public statements which reflect a significant potential or actual change of Company policy or strategy; and
- ix. any changes to the authorities delegated from the Board as outlined in the TUH delegations of authority policies.

#### **4. Board Membership**

4.1 The number of Directors on the Board, the criteria and terms for the appointment of Directors, the Chair and Deputy Chair are determined in accordance with provisions detailed in Clause 14 of the Company Constitution.

4.2 The Constitution also defines:

- a) Remuneration and reimbursement of expenses to Directors (clauses 16 and 31.2);
- b) Powers and duties of Directors (clause 18);
- c) Proceedings of Directors meetings (clause 20);
- d) Voting at meetings (clause 22);
- e) Director conflict of interest (clause 23);
- f) Requirements to meet a quorum (clause 25);
- g) Committee membership and meetings (clause 27); and
- h) Indemnity for Directors (clause 35).

4.3 Directors are to be appointed in accordance with the Director Selection, Appointment and Tenure Policy.

4.4 Board renewal is recognised in the Constitution (clauses 14.4 and 14.12) and is managed through the Director Selection, Appointment and Tenure Policy and Board Succession Planning Policy.

#### **5. Board Committees**

5.1. The Board from time to time establishes committees to assist it in carrying out its responsibilities, and adopts charters setting out matters relevant to the composition, role, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.

5.2. The Board has established the following committees:

- a) Audit Committee;

- b) Risk Committee;
- c) Product and Investment Committee; and
- d) Nominations and Remuneration Committee.

5.3. Board decisions are made in accordance with clauses 20 to 23 of the TUH Constitution.

5.4. The Board reviews the Committees against their Charters at least every two years or as required by legislative or Company policy changes.

5.5. The Board reviews the membership of its Committees on an annual basis, following the Annual General Meeting or if a casual vacancy arises during the year.

## **6. The Chief Executive Officer**

6.1. The Chief Executive Officer's duties are to:

- (a) formulate and recommend business and financial strategies and plans to develop the Company's business and to implement these plans to achieve agreed performance targets;
- (b) be accountable for planning, coordinating, managing and directing the operations of the Company to achieve strategic, financial and operating objectives as agreed with the Board;
- (c) promote the interests of the Company; and
- (d) faithfully and diligently perform the duties and exercise the powers consistent with the position of Chief Executive Officer of the Company and as assigned by the Board.

6.2. In fulfilling his or her duties, the Chief Executive Officer:

- (a) reports directly to the Board;
- (b) provides prompt and full information to the Board regarding the conduct of the business of the Company; and
- (c) complies with reasonable directions given by the Board.

## **7. The Company Secretary**

7.1. The Company Secretary supports the effectiveness of the Board by:

- (a) developing and recommending Board policies;
- (b) monitoring that Board policy and procedures are followed; and
- (c) coordinating the completion and dispatch of Board agendas and briefing papers.

7.2. The Company Secretary is responsible to the Board, through the Chair, on all governance matters.

## **8. Self-Assessment**

8.1. The Board evaluates its performance, including in the context of this Charter, every year. If the Chair becomes aware of a significant issue in respect of the performance of the Board, an assessment of Directors can be undertaken at any time.

8.2. The Board has adopted formal processes for these evaluations in the TUH Board Performance Management Policy.



8.3. All Directors are encouraged to undertake professional development and training in accordance with the Director Induction and Retirement Policy and the Continuing Director Development Policy.

## **9. Review**

This charter is to be reviewed at least every two years or in response to changes in legislation, Company policy and characteristics, and/or changes to the standards for best practice in corporate governance.