



# Risk Management Committee Charter

**Estia Health Limited ACN 160 986 201 ("Company")**

**Approved by the Board on 23 August 2017**

# Risk Management Committee Charter Contents

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<b>1</b>	<b>Purpose and authority</b>	<b>1</b>
1.1	Purpose	1
1.2	Authority	1
<hr/>		
<b>2</b>	<b>Role of the Board, Committee and management</b>	<b>1</b>
<hr/>		
<b>3</b>	<b>Committee responsibilities</b>	<b>2</b>
3.1	Clinical risk management	2
3.2	Internal Controls and general risk Management	2
<hr/>		
<b>4</b>	<b>Membership</b>	<b>3</b>
4.1	Composition and size	3
4.2	Chairperson	4
4.3	Technical expertise	4
4.4	Skills development	4
4.5	Commitment of Committee members	4
4.6	Secretary	4
<hr/>		
<b>5</b>	<b>Committee meetings and processes</b>	<b>4</b>
5.1	Meetings	4
5.2	Frequency and calling of meetings	4
5.3	Quorum	4
5.4	Attendance by management and advisors	4
5.5	Notice, agenda and documents	5
5.6	Access to information and advisors	5
5.7	Minutes	5
<hr/>		
<b>6</b>	<b>Committee's performance evaluation</b>	<b>5</b>
<hr/>		
<b>7</b>	<b>Review and publication of charter</b>	<b>6</b>

# Risk Management Committee Charter

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## 1 Purpose and authority

### 1.1 Purpose

The purpose of this Risk Management Committee Charter is to specify the authority delegated to the Risk Management Committee (“**Committee**”) by the board of directors of the Company (“**Board**”) and to set out the role, responsibilities, membership and operation of the Committee.

### 1.2 Authority

The Committee is a committee of the Board established in accordance with the Company’s constitution and is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the responsibilities set out in this charter and under any separate resolutions of the Board granted to it from time to time.

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## 2 Role of the Board, Committee and management

Recognising and managing risk is a crucial role of the Board, the Committee and management. Broadly their roles are as follows:

- (a) the role of the Board is to set the risk appetite for the Company (that is, the nature and extent of the risks it is prepared to take to meet its objectives), to oversee the risk management framework and satisfy itself that the framework is sound;
- (b) the role of management is to identify risks, develop and implement the risk management framework, manage and report on risks and monitor that the Company operates within the risk appetite set by the Board; and
- (c) the role of the Committee is to assist the Board, including:
  - (i) overseeing the effectiveness of the Company’s system of risk management and internal controls and that management carry out their risk management roles in light of guidance from the Board;
  - (ii) overseeing the Company’s systems for compliance with applicable legal and regulatory requirements, including in respect of clinical governance and resident safety; and
  - (iii) making recommendations to the Board regarding risks the Company faces, action it should take, the adequacy of the Company’s risk management framework, and disclosure on risk.

The Company’s Audit Committee will be responsible for ensuring that financial risk management processes are being adhered to and that the appropriate treatments and controls are being maintained for all identified financial risks. The Committee will refer to the Audit Committee any matters that have come to the attention of the Committee that are relevant for the Audit Committee, and liaise with the Audit Committee in respect of such matters as necessary.

Any issues of demarcation between the responsibilities of the Risk Management Committee and the Audit Committee will be resolved by the Chairs of the two Committees or, if agreement cannot be reached, by the Board.

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### **3 Committee responsibilities**

#### **3.1 Clinical risk management**

In relation to the management of clinical risks, the Committee will:

- (a) monitor the group's clinical risk profile and its ongoing and potential exposure to clinical risks;
- (b) promote transparency and accountability and oversee the group's clinical performance against legislated standards and best practice benchmarks;
- (c) oversee management in the implementation of accreditation programmes for the group's aged care facilities, to ensure these facilities achieve and maintain the necessary approvals and accreditations;
- (d) oversee management in the monitoring and evaluation of continuous quality improvement systems; and
- (e) review the Company's clinical governance policy framework.

#### **3.2 Internal Controls and general risk management**

In relation to the management of risks generally, the Committee is responsible for:

- (a) preparing a risk profile which describes the material risks facing the Company;
- (b) regularly reviewing and updating the Company's risk profile;
- (c) ensuring that the Company has an effective risk management system and reviewing the risk management system at least annually to ensure that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure those risks remain within the risk appetite set by the Board;
- (d) assessing and ensuring that there are internal controls for determining and managing key risk areas, such as:
  - (i) non-compliance with laws, regulations, standards and best practice guidelines including industrial relations, occupational health and safety, environmental and trade practices laws;
  - (ii) business licence and accreditation requirements;
  - (iii) litigation and claims;
  - (iv) fraud and theft;
  - (v) economic, environmental and social sustainability risks; and
  - (vi) relevant business risks not dealt with by other Board committees;
- (e) receiving reports concerning material and actual incidents within the risk areas above;

- (f) ensuring that macro risks are reported to the Board at least annually;
- (g) receiving reports concerning the risk implications of new and emerging risks, legislative or regulatory initiatives and changes;
- (h) conducting investigations of breaches or potential breaches of non-financial internal controls, and incidents within the risk areas above;
- (i) examining and evaluating the effectiveness of the internal control system with management and making improvements;
- (j) assessing existing controls that management has in place for unusual transactions or transactions with more than an accepted level of risk;
- (k) meeting at least annually with key management, external auditors and compliance staff to understand the Company's control environment and disclose, in relation to each reporting period, whether such a review has taken place;
- (l) evaluating the structure and adequacy of the Company's insurance program; and
- (m) overseeing the preparation of summaries and making recommendations to the Board:
  - (i) of main internal and external risk sources that could adversely affect the Company's prospects for future financial years, for inclusion in the operating and financial review section of the directors' report; and
  - (ii) for the Company's Corporate Governance Statement in the Company's annual report or on its website, including in relation to each reporting period:
    - (A) whether the review of the Company's risk management framework has taken place and, if appropriate, insights gained from the review and changes made as a result; and
    - (B) whether the Company has any material exposure to economic, environmental and social sustainability risks, and if so, how they intend to manage those risks.

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## **4 Membership**

### **4.1 Composition and size**

The Committee will consist of:

- (a) only non-executive directors;
- (b) a majority of independent directors; and
- (c) at least 3 members.

The Company will disclose the relevant qualifications and experience of the members of the Committee.

Membership is reviewed periodically and re-appointment to the Committee is not automatic. Appointments and resignations are decided by the Board.

#### **4.2 Chairperson**

The chairperson of the Committee must be an independent non-executive director who is not the chairperson of the Board.

The chairperson of the Committee is appointed by the Board. If, for a particular Committee meeting, the Committee chairperson is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a chairperson for the meeting.

#### **4.3 Technical expertise**

The Committee must be structured so that between them, the members of the Committee should have sufficient understanding of the industry and the circumstances in which the Company operates, to be able to discharge the Committee's duties effectively.

#### **4.4 Skills development**

If the Committee chairperson approves, a Committee member may attend seminars or training related to the functions and responsibilities of the Committee at the Company's expense.

#### **4.5 Commitment of Committee members**

Committee members must devote the necessary time and attention for the Committee to carry out its responsibilities.

At the first Committee meeting after their appointment and when the Board reviews Committee membership, each Committee member must confirm that they are able to devote sufficient time and attention to the Committee for the coming year.

#### **4.6 Secretary**

The company secretary is the secretary of the Committee.

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## **5 Committee meetings and processes**

### **5.1 Meetings**

Meetings and proceedings of the Committee are governed by the provisions in the Company's constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this charter.

The Annual Report for a relevant financial year will disclose the number of times the Committee met throughout that financial year and the individual attendance of each member of the Committee at those meetings.

### **5.2 Frequency and calling of meetings**

The Committee will meet as frequently as required to undertake its role effectively. The chairperson must call a meeting of the Committee if requested by any member of the Committee or the chairperson of the Board.

### **5.3 Quorum**

2 directors constitute a quorum for meetings of the Committee.

### **5.4 Attendance by management and advisors**

The Executive Quality and Risk Director is expected to attend each scheduled meeting of the Committee.

The Committee chairperson may also invite directors who are not members of the Committee, other senior managers and external advisors to attend meetings of the Committee (including advisers with specialist clinical or other expertise as the Board considers desirable). The Committee may request management and/or others to provide such input and advice as is required.

#### **5.5 Notice, agenda and documents**

The chairperson of the Committee determines the meeting agenda after appropriate consultation.

The secretary will distribute the notice of meeting, the agenda of items to be discussed and any related documents to all Committee members and other attendees not less than five business days before each proposed meeting of the Committee.

#### **5.6 Access to information and advisors**

The chairperson of the Committee receives all reports between the external auditor and management, and the internal auditor and management.

The Committee has the authority to:

- (a) require management or others to attend meetings and to provide any information or advice that the Committee requires;
- (b) access the Company's documents and records;
- (c) obtain the advice of special or independent counsel or other experts, without seeking approval of the Board or management (where the committee considers that necessary or appropriate); and
- (d) access and interview management.

Relevant information will be distributed to Committee members as it becomes available.

#### **5.7 Minutes**

The secretary will keep minutes to record the proceedings and resolutions of its meetings.

The chairperson of the Committee, or their delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

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## **6 Committee's performance evaluation**

The Committee will review its performance at least annually, or earlier if circumstances dictate, and whenever there are major changes to the management structure of the Company.

The performance evaluation will have regard to the extent to which the Company has met its responsibilities in terms of this charter.

Committee members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.

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## **7 Review and publication of charter**

The Board will review this charter annually to ensure it remains relevant to the current needs of the Company. The charter may be amended by resolution of the Board.

The charter is available on the Company's website and the key features are published in the annual report or a link to the governance section of the website provided.