

# Corporate governance statement

Medibank was founded in 1976 as a private health insurer and was operated by the Australian Government. In 1998, Medibank Private Limited became the operating entity with the Commonwealth of Australia as the sole shareholder. In 2014 the Australian Government sold Medibank by way of an initial public offering, and divested all its shares in Medibank. Medibank listed on the Australian Securities Exchange (ASX) on 25 November 2014.

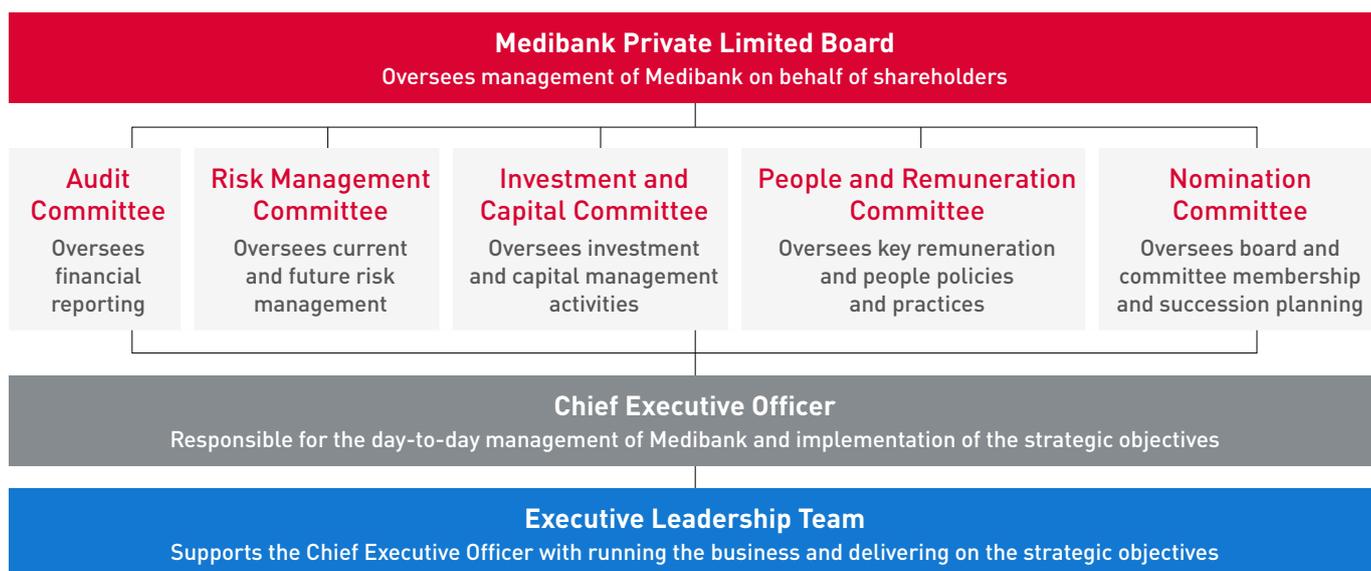
The Medibank Board is committed to improving our customers' experience and providing them with greater value. In line with this, the Board seeks to ensure that Medibank is properly managed to protect and enhance shareholder interests, and that Medibank, its directors, officers and employees operate in an appropriate environment of corporate governance.

## Governance structure

The Board has a framework in place for governing Medibank. This includes adopting internal controls, risk management processes and corporate governance policies and practices, designed to promote responsible management and ethical conduct.

During the year, Medibank had in place policies and practices which comply with the recommendations in the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (CGPRs), 4<sup>th</sup> edition. As a registered private health insurer, Medibank also complies with a governance standard issued by the Australian Prudential Regulation Authority (APRA). The key corporate governance practices applied at Medibank are described in this statement and the key corporate governance policies are available on the corporate governance section of our website at medibank.com.au.

The governance and performance of Medibank is overseen by the Board elected by the shareholders.



## Roles and responsibilities of the Board and management

The Board provides overall strategic guidance for Medibank and effective oversight of management. Responsibility for the governance of Medibank, including establishing and monitoring key performance goals, rests with the Board. The Board monitors the operational performance and financial position of Medibank, as well as overseeing the business strategy and approving strategic goals. In performing its role, the Board is committed to ensuring sound corporate governance practices.

The Board Charter, which is available on our website, articulates the Board's roles and responsibilities, its membership and operation, and which responsibilities may be delegated to committees or to management.

Specific responsibilities have been reserved by the Board in key areas of: strategy (including approval and monitoring of the corporate strategy and performance objectives); governance (including disclosure); appointment, performance evaluation and remuneration of the CEO and other senior executives, including the Company Secretary; approving the Code of Conduct and overseeing Medibank's purpose, culture and values; financial approvals and reporting; risk management, compliance and workplace health and safety; and culture (including diversity and inclusion). The Board has established standing committees to assist in performing its responsibilities. These committees examine particular issues in detail and make recommendations to the Board. A description of these committees can be found on pages 39 to 40.

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The Chief Executive Officer (CEO) has responsibility for managing the day-to-day affairs of Medibank. The CEO, with the support of the Executive Leadership Team (ELT), manages Medibank in accordance with the Board-approved Corporate Plan, the corporate strategy and Medibank's policies within the risk appetite set by the Board. A detailed delegation of authority framework defines the decision making and expenditure limits that apply at various levels of management.

## Key areas of focus for the Board in 2021

### Corporate governance (including COVID-19)

- Oversight of COVID-19 impacts and response, including:
  - Ensuring the health and wellbeing of our customers, people and the community.
  - Customer give backs and hardship policies.
  - Accounting and regulatory responses, including in relation to claims liability and capital stress testing.
  - Business continuity management.
  - Managing retail stores and offices in a safe manner.
- Oversight of the enhancement of the enterprise risk and compliance management framework and risk and compliance culture, including review and monitoring of financial and non-financial material risks and emerging risks and the coordination of the first independent comprehensive review required by APRA Prudential Standard CPS220.
- Oversight of environmental, social and governance (ESG) strategy and the governance framework, including implementing policies and processes to comply with the 4<sup>th</sup> edition of the CGPRs.

### Strategy and execution

- Review of strategy, including transformation into a health company and evaluation of opportunities to execute on our strategic pillars and key objectives.
- Oversight of investments, partnerships and organic growth initiatives to support execution of the strategy.
- Review and approval of the Corporate Plan, budget and performance targets and oversight of business performance against these targets.

### People, remuneration and culture

- Selection of new Chairman and CEO and oversight of transition.
- Review of Board composition and consideration of succession planning, including selection of new non-executive director.
- Oversight of our people and our culture, including monitoring of the remuneration framework and ensuring we have a strong people agenda focused on skills development.
- Oversight of succession planning for the Executive Leadership Team.
- Undertaking an external independent evaluation of the Board, committees and non-executive directors.

## Structure and composition of the Board

The Board comprises nine directors in total – eight non-executive directors, including a non-executive Chairman, and the CEO.

The Chairman of the Board is responsible for providing leadership to the Board and Medibank as a whole. The Chairman's other key responsibilities are outlined in the Board Charter.

The current Chairman is Mike Wilkins AO, an independent non-executive director who has served as Chairman since 1 October 2020 and on the Board since May 2017. Prior to Mike Wilkins' appointment, Elizabeth Alexander served as Chairman and as an independent, non-executive director until her retirement effective 1 October 2020. The current CEO is David Koczkar, who commenced in the role on 17 May 2021. Previously, Craig Drummond served as CEO until his retirement effective 17 May 2021.

Biographies of the directors, including their skills, experience and year of appointment, are set out on pages 30 to 32 of the annual report. Details of directors' attendance at Board and committee meetings during the year ended 30 June 2021 are on page 48. The length of service of the non-executive directors ranges from three months to eight years and eight months.

### Independence

Directors are expected to bring an independent judgement to bear on all Board decisions. A director is considered independent if they are a non-executive director who is not a member of management and are free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement or could reasonably be perceived to do so.

Each director provides periodic updates of their interests, positions, associations and relationships, and all directors must keep the Board advised on an ongoing basis of any interest that could potentially conflict with those of Medibank. Directors will be required to abstain from participating in discussions or voting on any matters in which they have, or may be perceived to have, a material personal interest.

The Board regularly assesses the independence of each director in light of the interests disclosed. The Board has assessed the interests, positions, associations and relationships of each director as at the date of this statement. It has determined that all non-executive directors satisfy the independence criteria recommended by the ASX Corporate Governance Council and prescribed by APRA.

To provide an opportunity for independent discussion, the non-executive directors meet without management present at the commencement of each Board meeting.

## Appointment and re-election of directors

Medibank's Constitution provides that a director may be appointed by the Board, and if so, is subject to election by shareholders at the annual general meeting (AGM) following their appointment if they wish to remain a director (other than the CEO). Individuals may also be nominated by shareholders to stand for election as a director at the AGM. The Constitution requires an election of directors at each AGM, and a director must retire and may stand for re-election by the third AGM following the director's election. Gerard Dalbosco will stand for election at the upcoming AGM, having been appointed on 21 May 2021. Further information about Gerard is set out on page 31 of the annual report, and in the notice of annual general meeting.

Before appointing a person as a director, the Board undertakes checks as to that person's character, experience and background, including criminal and bankruptcy checks. Medibank has a Fit and Proper Policy that complies with APRA's Fit and Proper Prudential Standard. This standard requires that a person in a position of responsibility, including a director, be assessed prior to appointment (or in some cases, as soon as possible after appointment) and on an ongoing basis as to whether the person meets the fit and proper requirements. The person must have the appropriate skills, experience and knowledge to perform the role and act with the requisite character, diligence, honesty, integrity and judgement.

Upon appointment, each non-executive director enters into a service agreement setting out the terms of their appointment. This includes the requirement to build a shareholding in Medibank in order to align the interests of directors with those of shareholders. The Minimum Shareholding Policy requires non-executive directors to acquire shares equal to the value of one year's base fee after tax over a period of five years.

As part of the appointment process, Medibank enters into a deed of indemnity, insurance and access with each director. Each director is indemnified against liability in connection with their role as a director and Medibank is required to maintain a directors' and officers' insurance policy. The deed confirms and extends the director's general law rights of access to Board papers and other records of Medibank.

Remuneration policies and practices applying to non-executive directors are detailed in the remuneration report from page 50.

## Director induction, continuing education and access to information

The Board is committed to enhancing the capabilities of each director and the performance of the Board generally. Upon joining the Board, all new non-executive directors undertake a tailored induction program. This includes meetings with the Chairman, CEO, ELT and senior leaders on Medibank's business, strategy and operation.

The Board is provided with ongoing professional development opportunities during the year to maintain the skills and knowledge needed to effectively perform their role. This involves formal briefing sessions on a range of subjects by key stakeholders, including regulators and industry experts, to provide deeper insights on industry context and trends. This also includes visits to Medibank's retail stores, customer engagement, conference attendance, and participation in the management-led Executive Risk Committee and Divisional Risk Committees. The professional development program is periodically reviewed by the Nomination Committee to ensure it meets the needs of the directors.

The directors have complete and open access to the CEO, ELT and senior management following consultation with the CEO. A director may, following consultation with and consent from the Chairman, seek independent professional advice at Medibank's expense in respect of any matter connected with the discharge of the director's responsibilities. Directors also have direct access to the advice and services of the Company Secretary, who is accountable to the Board through the Chairman, and advises the Board and the Chairman on all governance matters.

## Board skills, experience and diversity

The Nomination Committee regularly reviews the balance of skills, experience, independence, knowledge and diversity of the Board, and is committed to ensuring that the directors collectively have the appropriate skills mix. The evolution of the mix of skills and diversity of the Board is a long-term process and must reflect the current and emerging challenges for the organisation.

The Nomination Committee takes into account the organisation's strategic areas of focus, customer needs and external environment, including stakeholder sentiment, and assesses these various factors to ensure that an appropriate balance of skills and diversity is achieved on the Board.

- Expertise and experience in developing and implementing strategy and financial and risk management are seen as critical skills required for the Board to be able to effectively govern and oversee the organisation. As a result, these skills are widely held by the Board members.
- Our core business of the provision of private health insurance products with an unwavering focus on our customers means that the Board must have skills and experience in the insurance sector as well as in customer facing businesses for Medibank to be successful. Board members have expertise in both these areas from a number of different industry sectors, including the general insurance and healthcare sectors.
- Our vision to become a health company and our recent acquisitions in the healthcare delivery sector make it critical for the Board to have members with experience in the delivery of health services. This is captured in the collective experience of our directors, ranging from operational expertise through to strategic oversight.

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- Health industry reform is not only inevitable, but also vital for the ongoing sustainability of our healthcare system. To play a role in this area, the Board must have members with experience and expertise in both building and maintaining government relations and influencing policy creation. Once again the Board has a number of highly experienced individuals in this area.
- Finally, the Board has identified as critical enablers, skills in human resources and remuneration and technology, and has ensured that the Board has covered these areas of expertise in constituting the current Board.

The skills and expertise that the Board has identified as relevant to the performance of its role and the success of the organisation, along with the collective strength of the Board for each skill, are summarised in the Board skills matrix.

The very nature of diversity means that not all members of the Board have all the skills listed below to the same degree. However, the Board believes the current mix of expertise and experience of members of the Board creates a diverse range of views and perspectives, and results in the Board providing effective governance, oversight and strategic leadership for Medibank.

During the reporting period, the Nomination Committee considered the mix of skills on the Board given the above considerations, and appointed Mr Gerard Dalbosco to the Board effective 21 May 2021. Mr Dalbosco brings a high level of financial skills and not-for-profit health experience to the Board.

## Board skills matrix

	<p><b>Strategy</b></p> <p>Developing and implementing organisational strategies, and appropriately challenging management on delivery of strategic objectives</p>
	<p><b>Financial and capital management</b></p> <p>Proficiency in financial accounting and reporting, corporate finance, internal financial controls, corporate funding and capital management and investments, and understanding of associated risks</p>
	<p><b>Risk management, governance and compliance</b></p> <p>Establishing risk management frameworks, setting the risk appetite, and overseeing organisational risk culture</p> <p>Overseeing operations in a complex regulated environment, and demonstrating commitment to the highest governance standards</p>
	<p><b>Insurance and healthcare sector experience</b></p> <p>Knowledge, experience and expertise in the insurance industry and healthcare sector</p>



### Customer experience and marketing

Developing product and/or customer management strategies, and experience in marketing



### Human resources and executive remuneration

Understanding the link between strategy, culture, performance, long-term shareholder value creation and remuneration outcomes



### Government relations and public policy

Interacting with government and regulators and being involved in public policy decisions



### Technology

Understanding technology and innovation, and overseeing development and implementation of initiatives to enhance productivity and customer experiences

## Board performance evaluation

The Nomination Committee is responsible for reporting on the evaluation of the performance of the Chairman, Board, committees and individual directors to the Board. The evaluation is conducted annually either through an internal review process or an external process.

In 2021, the Board undertook an independent external review of the performance of the Board, committees and non-executive directors (including the Chairman). The evaluation was primarily conducted through in-depth one-on-one interviews with the directors and ELT members. The Board discussed the external consultancy's report and recommendations, and identified a number of opportunities to enhance its efficiency and effectiveness, including further opportunities to improve the Board's operating rhythm, particularly in the context of the impact of the pandemic, and continuing to focus on Board renewal and diversity as part of director succession planning.

## Committees of the Board

The Board has established five standing committees to assist in the execution of its responsibilities – the Audit Committee, Risk Management Committee, Investment and Capital Committee, People and Remuneration Committee and Nomination Committee. Each committee is governed by a charter setting out the committee's role, responsibilities, membership and processes. The membership, roles and responsibilities of each committee are summarised in the table below. The charters can be accessed on our website.

The relevant qualifications and experience of the members of each committee can be found in the director biographies on pages 30 to 32 of the annual report. The number of meetings of each committee, and the individual attendance of their members, are provided on page 48.

Committee membership as at 25 August 2021	Composition	Key roles and responsibilities
<p><b>Audit Committee</b></p> <ul style="list-style-type: none"> <li>Christine O'Reilly (Chairman)</li> <li>Gerard Dalbosco<sup>1</sup></li> <li>Peter Hodgett</li> </ul>	<ul style="list-style-type: none"> <li>At least three members, all of whom are non-executive directors, a majority of whom are independent directors and at least one of whom is a member of the Risk Management Committee.</li> <li>Structured so that members are all financially literate, and between them have accounting and financial expertise and experience and an understanding of Medibank's industries.</li> <li>The chairman must be an independent non-executive director, and must not be the chairman of the Board (but the chairman of the Board may sit on the committee).</li> </ul>	<ul style="list-style-type: none"> <li>Overseeing and reviewing the integrity of external financial reporting and financial statements.</li> <li>Endorsing and recommending the appointment and removal of, and reviewing the terms of engagement, performance and independence of external auditors.</li> <li>Reviewing management processes for compliance with relevant laws, regulations and other accounting and external reporting requirements.</li> <li>Overseeing and reviewing internal and external audit processes and the internal control framework.</li> </ul>
<p><b>Risk Management Committee</b></p> <ul style="list-style-type: none"> <li>David Fagan (Chairman)</li> <li>Tracey Batten</li> <li>Gerard Dalbosco<sup>2</sup></li> <li>Christine O'Reilly</li> </ul>	<ul style="list-style-type: none"> <li>At least three members, all of whom are non-executive directors, a majority of whom are independent directors and at least one of whom is a member of the Audit Committee.</li> <li>Structured to have the necessary knowledge and a sufficient understanding of Medibank's industries.</li> <li>The chairman must be an independent non-executive director, and must not be the chairman of the Board (but the chairman of the Board may sit on the committee).</li> </ul>	<ul style="list-style-type: none"> <li>Approving and recommending to the Board the adoption of policies and procedures on risk oversight and management to ensure effective risk management systems are in place.</li> <li>Ensuring that Medibank has in place a robust risk management framework and procedure to support the effective identification and management of risks.</li> <li>Evaluating the adequacy and effectiveness of the management and reporting and control systems associated with material risks.</li> <li>Establishment and monitoring of Medibank's overall risk appetite.</li> <li>Monitoring and review of Medibank's risk culture.</li> <li>Oversight of, and monitoring progress against, Medibank's sustainability strategy.</li> <li>Oversight and prior endorsement of the appointment and replacement of the Chief Risk Officer.</li> </ul>
<p><b>Investment and Capital Committee</b></p> <ul style="list-style-type: none"> <li>Peter Hodgett (Chairman)</li> <li>Anna Bligh</li> <li>David Fagan</li> <li>Mike Wilkins</li> </ul>	<ul style="list-style-type: none"> <li>At least three members, all of whom are non-executive directors.</li> <li>The chairman must be an independent non-executive director, appointed by the Board.</li> </ul>	<ul style="list-style-type: none"> <li>Assisting and advising the Board on capital and investment related matters.</li> <li>Overseeing the investment strategy and Capital Management Policy.</li> <li>Monitoring the effectiveness of the investment process.</li> <li>Authorising delegated investment decisions.</li> </ul>

1. Gerard Dalbosco was appointed a member of the Audit Committee on 21 May 2021, following Mike Wilkins' retirement from the committee. Mike Wilkins was a member of the committee from 1 October 2020 until his retirement effective 21 May 2021, replacing Elizabeth Alexander who was a member of the committee during the period from 1 July 2020 until her retirement effective 1 October 2020.

2. Gerard Dalbosco was appointed a member of the Risk Management Committee on 21 May 2021, following Mike Wilkins' retirement from the committee. Mike Wilkins was a member of the committee during the period from 1 July 2020 until his retirement effective 21 May 2021. Separately, Elizabeth Alexander was a member of the committee during the period from 1 July 2020 until her retirement effective 1 October 2020.

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Committee membership as at 25 August 2021

People and Remuneration Committee	Composition	Key roles and responsibilities
<ul style="list-style-type: none"> <li>• Linda Bardo Nicholls (Chairman)</li> <li>• Tracey Batten</li> <li>• Anna Bligh</li> <li>• Mike Wilkins<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>• At least three members, all of whom are non-executive directors, a majority of whom are independent directors and at least one of whom is a member of the Risk Management Committee.</li> <li>• The chairman must be an independent non-executive director, appointed by the Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewing and overseeing people and organisational culture strategies, including employee engagement, values and behaviours.</li> <li>• Reviewing the remuneration framework and arrangements for the non-executive directors, CEO and ELT.</li> <li>• Reviewing executive succession planning, talent management, industrial relations and diversity strategies.</li> <li>• Reviewing and overseeing key incentive schemes and equity incentive plans.</li> <li>• Recommending to the Board the measurable objectives for diversity.</li> <li>• Reviewing and monitoring Medibank's health, safety and wellbeing performance.</li> </ul>
<p><b>Nomination Committee</b></p> <ul style="list-style-type: none"> <li>• Mike Wilkins (Chairman)<sup>4</sup></li> <li>• David Fagan</li> <li>• Peter Hodgett</li> <li>• Linda Bardo Nicholls</li> <li>• Christine O'Reilly</li> </ul>	<ul style="list-style-type: none"> <li>• At least three members, all of whom are independent directors.</li> <li>• The chairman of the Board will be the chairman of the committee.</li> </ul>	<ul style="list-style-type: none"> <li>• Director selection and appointment.</li> <li>• Director induction and professional development.</li> <li>• Board composition.</li> <li>• Board succession planning and renewal.</li> <li>• Performance evaluation of the Board, committees and individual directors.</li> </ul>

3. Mike Wilkins was appointed a member of the People and Remuneration Committee effective 21 May 2021.

4. Mike Wilkins was appointed Chairman of the Nomination Committee effective 1 October 2020. Elizabeth Alexander was a member and Chairman of the committee during the period from 1 July 2020 until her retirement effective 1 October 2020.

## Executive Leadership Team

The CEO, supported by the ELT, is responsible for the day-to-day management and performance of Medibank. ELT members have a clear understanding of their roles and responsibilities through position descriptions and a structured performance management system. Profiles and accountabilities for ELT members are set out on pages 33 to 34. Each ELT member has entered into a service agreement with Medibank which sets out the terms of their employment. Remuneration policies and practices applying to the ELT are detailed in the remuneration report from page 50.

The remuneration report (from page 50) contains the performance measures applied to ELT members and the process for the annual evaluation of their performance. A performance evaluation was undertaken during 2021 in accordance with that process for each ELT member, noting that Rob Deeming and Milosh Milisavljevic had their 2021 performance evaluated against the positions they held prior to joining the ELT.

## Values and ethical standards

Central to the Board's governance framework is a culture of integrity and ethical behaviour based on Medibank's key values: Customers First; Own It, Do It; Show Heart; and One Team. These values are intended to guide the way employees work together and engage with customers, business partners, governments and the wider community, and are supported by a range of policies and procedures. Our values are further articulated on our website and in our Sustainability Report.

## Key Policies

Details of key policies supporting our commitment to integrity and ethical behaviour are set out below. Copies of each policy can be found on our website.

	Purpose	Key provisions	Breaches and reporting
<b>Code of Conduct</b>	Medibank employees are required to conduct their activities ethically and with integrity. The Code of Conduct sets out the ethical standards that are expected of all directors, managers, employees and contractors in their dealings with customers, suppliers and each other.	Requires directors, managers, employees and contractors to behave with high standards of personal integrity, and in a manner that: <ul style="list-style-type: none"> <li>• complies with applicable laws, standards and internal policies;</li> <li>• promotes health, safety and wellbeing;</li> <li>• fosters relationships of trust, accountability and transparency;</li> <li>• avoids conflicts of interest (including not offering or accepting inducements, secret commissions or bribes); and</li> <li>• respects privacy and protects confidential information.</li> </ul>	Sets out different approaches to dealing with breaches of the Code, depending on the circumstances – including raising concerns with immediate or senior managers, the People & Culture team, the CEO, or via the Whistleblower Policy. Breaches of the Code of Conduct are reported to the People and Remuneration Committee.
<b>Whistleblower Policy</b>	Medibank is committed to a culture where our people are encouraged to speak up if something doesn't look right, and to support them when they do. The Whistleblower Policy establishes what is reportable conduct, how to contact Medibank Alert, and the protections available to whistleblowers.	Sets out the types of conduct that can be disclosed, who may make a disclosure under the policy and what to include in a report. Sets out support and protection available to whistleblowers, and the processes for managing whistleblower complaints (including key roles and responsibilities).	Provides details of the Medibank Alert whistleblower service, which is available through an external provider, enabling whistleblowers to report anonymously or limit who is informed of their identity. Breaches of the policy are reported to the Risk Management Committee.
<b>Anti-Bribery and Corruption Policy</b>	Medibank has zero tolerance for bribery and corruption. The Anti-Bribery and Corruption Policy describes conduct that is prohibited for directors, employees and contractors when conducting business on behalf of Medibank, and how breaches can be reported.	Requires that directors, employees and contractors: <ul style="list-style-type: none"> <li>• not offer, pay or accept inducements, bribes, kickbacks, secret commissions or improper payments, or engage in corrupt business practices;</li> <li>• not accept gifts, hospitality or anything of value which may have obligations attached;</li> <li>• not offer or give anything of value, or solicit any inducement, that may conflict with their work or duties to Medibank; and</li> <li>• ensure approved grants and donations are appropriately recorded.</li> </ul>	Requires requests for bribes or facilitation payments to be reported to the Chief Risk Officer. Requires other breaches or potential breaches to be reported to the Chief Risk Officer or the Whistleblower Hotline. Breaches of the policy are reported to the Risk Management Committee.
<b>Share Trading Policy</b>	The Share Trading Policy describes restrictions on buying and selling Medibank shares for the Board, the ELT, senior executives and other Medibank employees.	Prohibits directors, executives and employees from dealing in Medibank or other securities if they possess inside information. Prohibits trading by directors, executives and certain restricted employees in Medibank securities during blackout periods, which apply in the lead-up to the release of financial results and at other times as required.	Details the penalties at law for breaches of insider trading laws and the consequences as a director or employee for a breach of law and the policy.

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Ethical conduct is also supported by a range of other corporate policies, including in the areas of conflicts of interest, health, safety and wellbeing and modern slavery. Copies of these policies are also available on our website.

The Health, Safety and Wellbeing Policy underpins our objective of preventing injury and illness through a culture of health promotion, injury prevention and early intervention. Medibank has a health and safety management system in place to ensure it meets legislative requirements and proactively addresses its key risks in health and safety.

## Diversity and inclusion

Medibank is committed to creating an inclusive culture that acknowledges and embraces difference in all its forms and ensures that every voice is heard. Medibank recognises that all employees are different, and these differences benefit our employees, shareholders, customers and the community.

The Board has adopted a Diversity and Inclusion Policy that supports and facilitates an inclusive environment.

The policy outlines the role of the People and Remuneration Committee in recommending to the Board measurable objectives for diversity and annually assessing progress against these. The policy is reviewed annually and is available on Medibank's corporate website. A Diversity and Inclusion Strategy supports the policy and sets out the measurable objectives established by the Board.

The Board emphasises the importance of having a gender diverse leadership team, which is supported by Medibank's commitment to having and maintaining at least 40 percent female representation in the Group and senior executive population. As at end June 2021 the actual representation was 51%.

In June 2021, Medibank completed the reporting of its gender equality indicators under the *Workplace Gender Equality Act 2012* (Cth). The reports can be accessed on the corporate website. As at end June 2021, the respective proportions of men and women on the Board, in senior executive positions and across the organisation were as follows:

Position	Women	Men	Other	% Women
<b>Board (including CEO)</b>	<b>4</b>	<b>5</b>		<b>44%</b>
Group Executives (including CEO) <sup>1</sup>	2	6		25%
Senior executives <sup>2</sup>	25	20		56%
<b>Group and senior executive total</b>	<b>27</b>	<b>26</b>		<b>51%</b>
Senior managers	106	112		49%
Other managers	334	305	2	52%
Non-managers	2,288	650	8	77%
<b>Overall (excluding Board)</b>	<b>2,755</b>	<b>1,093</b>	<b>10</b>	<b>70%</b>

1. Group Executive positions refer to the CEO and the Executive Leadership Team (ELT). All of the ELT report directly to the CEO.

2. Senior executive positions include all roles classified as senior executives as part of Medibank's broad based banding framework. As at 30 June 2021, they represent the 45 most senior positions in the Group outside of Group Executive roles.

In 2020 the Board set measurable objectives for achieving diversity at Medibank, including gender diversity, and committed to reporting progress achieved against these in the 2021 corporate governance statement. The table below shows our progress against these objectives:

Measurable objective	Progress towards achievement
<p>Medibank will remain committed to ensuring a representation of at least 40% women across our senior leadership population, and at least 40% of women on the Medibank Board.</p>	<p>As at June 2021, women represented 51% of Group and senior executives, with the number of women at senior executive level increasing by 3% to 56%. Female representation on the Medibank Board was still above target at 44% (including the CEO), a decrease from 56% in FY20.</p>
<p>Medibank will aim to improve the gender balance across our manager and non-manager population by maintaining at least 40% women across our manager workforce and improving the representation of men in our non-manager workforce.</p>	<p>Women represented 50% of all manager roles (excluding Group and senior executives) and 77% of non-manager positions (compared to 78% in FY20). This was largely driven by our Healthcare &amp; Strategy division where women made up 84% of non-manager roles (compared to other divisions where women represented 70%). This is characteristic of the broader Australian health workforce, which is comprised of 79.6% women<sup>1</sup>.</p>
<p>Medibank will continue its focus on increasing the representation and self-reported engagement of:</p> <ul style="list-style-type: none"> <li>• Aboriginal and Torres Strait Islander employees (with a target set of at least 32 employees); and</li> <li>• Employees with a disability.</li> </ul>	<p>In FY21, the number of employees identifying as Aboriginal and Torres Strait Islander increased to 33 people (up from 16 people in FY20), which equates to 1% of Medibank employees. Our employee survey showed the engagement score for this cohort was 6.9 which is lower than the Medibank average of 7.8.</p> <p>We launched a Cultural Awareness program, including online, face-to-face and immersive experiences, as well as bespoke content related to our health operations. 64% of our people participated in the program. We also launched our Aboriginal Employee Network, which aims to create a safe space for Aboriginal and Torres Strait Islander people and to help grow, develop and retain our Aboriginal and Torres Strait Islander workforce.</p> <p>In FY21, 4% of employees identified as having a disability, down from 6% in FY20. Engagement for this group was consistent with the Medibank average of 7.8.</p> <p>We continued to focus on inclusion of people with disabilities through our Accessibility and Inclusion Plan, and ranked 2<sup>nd</sup> in the 2020 Australian Network on Disability Index. We worked to improve the process for workplace adjustments for people with disability and ensured that our digital platforms and retail spaces are accessible for customers with a disability.</p>
<p>Medibank will improve the support available to employees with caring responsibilities for elderly parents, people with a disability or chronic condition.</p>	<p>In FY21, we launched a Carers Support Network, the first stage of a broader targeted carers support package we are developing to assist the significant proportion of employees (17%, as measured by our employee engagement survey) who have caring responsibilities; either elderly parents, or a family member with a disability or chronic condition.</p>

1. Workplace Gender Equality Agency (2020). Australia's gender equality scorecard.

For 2022, the Board has set the following measurable objectives for achieving diversity at Medibank, including gender diversity, and is committed to reporting progress achieved against these in the 2022 corporate governance statement:

-  Medibank will remain committed to ensuring a representation of at least **40% women across our senior leadership** population, and at least **40% women on the Medibank Board**.
-  Medibank will aim to improve the **gender balance across our manager and non-manager** population by **maintaining at least 40% women across our manager workforce** and improving the representation of men in our non-manager workforce.
-  Medibank will continue to focus on the **representation of Aboriginal and Torres Strait Islander employees** with a target set of at least 42 employees (approx. 1.4% of our organisation) and their improved self-reported engagement through the delivery of a **new Reconciliation Action Plan**.
-  Medibank will cultivate a **disability confident culture** leading to an increase in the representation and **self-reported engagement of employees with a disability**.
-  Medibank will provide a **market leading comprehensive** and targeted support carers package to improve the engagement of employees with **caring responsibility** for elderly parents, or a person with a disability or chronic condition.

## Market and shareholder communication

### Market disclosure

We promote investor confidence and the rights of shareholders by ensuring the immediate disclosure of market sensitive information regarding Medibank. The measures to further these commitments are detailed in the Disclosure and Communication Policy approved by the Board, which is available on our website.

This policy is designed to facilitate compliance with Medibank's obligations under the ASX Listing Rules and the *Corporations Act 2001* (Cth) by assigning authorisation processes for market announcements and reserving certain matters for approval by the Board. The policy also requires the Board to receive copies of material market announcements promptly after they have been made. Processes for engagement with analysts and investors are detailed in the policy as well as the assignment of spokespersons for market and media communications. Awareness and compliance is promoted by compulsory periodic online employee training and additional information sessions for those likely to become aware of potentially market sensitive information.

The Board is supported by a management Disclosure Committee responsible for considering potentially market sensitive information and monitoring Medibank's disclosure processes and reporting framework. The Disclosure Committee Charter is available within the Disclosure and Communication Policy.

Medibank's full year financial reports are audited, and our half year financial reports reviewed, by our external auditor. For other periodic corporate reports, such as the Annual Report and Sustainability Report, relevant subject matter experts confirm the factual accuracy of relevant statements; final reports are also reviewed by senior executives who have the knowledge and skills to verify the accuracy of the information. Periodic corporate reports are reviewed and where appropriate, approved by the Board prior to publication.

### Information about Medibank and its governance

Our website provides information about Medibank and its corporate governance, and an investor centre that provides information specifically for prospective and existing Medibank shareholders which links to Medibank's results, investor presentations, annual reports, share price, ASX announcements and AGM materials. We also maintain a shareholder calendar of upcoming events within the investor centre, along with information to assist investors in managing their shareholdings. Medibank's share register is managed by Computershare Investor Services Pty Limited which provides an accessible online platform for shareholders to access and manage their shareholdings.

Medibank encourages shareholders to receive communications securely by email for reasons of speed, security, environmental friendliness and cost reductions. If a shareholder so elects, Medibank will communicate with them via email and other electronic channels, including providing notices of meetings and facilitating online voting on the AGM resolutions.

### Investor engagement

We conduct briefings, meetings, telephone calls and webcasts for institutional and retail investors, analysts and proxy advisors to provide a greater understanding of the business and results. Investor briefings and ad hoc meetings with institutional and retail investors, analysts and proxy advisors provide a forum for two-way communications between Medibank and the investment community. During the year, we participated and presented at a number of conferences and investor events, including the Citi Australia and New Zealand Annual Investment Conference in October 2020, the UBS Australasia Conference in November 2020, the Morgan Stanley Private Healthcare Forum in April 2021 and the Macquarie Australia Conference in May 2021.

We generally communicate with the investment community through the CEO, the Group Executive – Chief Financial Officer & Group Strategy and the Senior Executive – Investor Relations.

We also communicate through the Chairman for governance and remuneration issues and the Company Secretary and Group Executive – People & Culture for environmental, social and governance issues. Feedback from engagement with the investor community is communicated to the Board at each Board meeting.

In all communications with investors, analysts and media, only publicly available information and information that is not market sensitive is discussed. In order to ensure that all shareholders have equal and timely access to material information concerning Medibank, advance notification of investor and analyst results briefings is announced via the ASX. The briefing materials are released first via the ASX and then on the investor centre section of our website, together with a recording of the half and full year results briefing. We also release the materials for new and substantive investor and analyst presentations to the ASX before the presentation starts.

### Shareholder meetings

The Board encourages shareholders to attend the AGM and to take the opportunity to ask questions. Given the health risks and government restrictions associated with the COVID-19 pandemic, the Board has decided to hold the 2021 AGM virtually. Shareholders will be able to attend, participate and vote in the AGM via an online platform. The meeting is also accessible via a live webcast, and then made available on our website. All substantive resolutions at the meeting are decided by a poll.

The external auditor attends the AGM and is available at the meeting to answer questions relevant to the auditor's report.

We provide shareholders with a clear and concise notice of meeting, setting out the business to be considered, including all material information relevant to the election or re-election of directors. These materials, together with the presentations at the AGM and the voting results, are released to the ASX and then made available on our website.

### Integrity of financial reporting

The Board has a strong commitment to the integrity and quality of its financial reporting and its systems for risk management, compliance and internal control.

The role of the Audit Committee is to provide an objective, non-executive review of the effectiveness of Medibank's internal control, financial reporting and risk management framework, to assist the Board in carrying out its accounting, auditing, and financial reporting responsibilities. Details of the composition and key roles and responsibilities of the Audit Committee are set out on page 39.

In addition to the members of the Audit Committee, any director may attend Audit Committee meetings. Representatives of management and the Senior Executive – Internal Audit may attend Audit Committee meetings

by standing invitation, and the Chief Actuary and external auditors are invited as required.

### Financial reporting assurances

The preparation of the full year and half year financial statements is subject to a detailed process of review and approval by the Board supported by the Audit Committee.

As required under section 295A of the *Corporations Act 2001* (Cth), the Board receives a declaration from the CEO and the CFO that the financial records of the company have been properly maintained and that the financial statements and notes comply with accounting standards and give a true and fair view of the consolidated entity's financial position and performance for the financial period. This includes a written declaration that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects.

This declaration was received by the Board prior to approving the financial statements for the half year ended 31 December 2020 and the full year ended 30 June 2021.

### Internal audit

Medibank has an internal audit function. The purpose of the internal audit function is to provide the Board and Audit Committee with an independent evaluation of the adequacy and the effectiveness of Medibank's financial and risk management framework. The rolling 12-month Internal Audit Plan, which is approved by the Audit Committee, is developed using a risk-based approach and is driven by Medibank's strategy, risk profile and assurance priorities.

The Internal Audit Charter provides the internal audit team unrestricted access to review all activities of the business. The internal audit function is supplemented by the engagement of external subject matter experts when required.

The head of the internal audit function is the Senior Executive – Internal Audit. To ensure the independence of the internal audit function, the role reports directly to the Audit Committee chairman, with a direct communication line to the CEO and administrative reporting line to the Group Executive – Chief Financial Officer & Group Strategy. The Senior Executive – Internal Audit (in addition to their standing invitation to attend Audit Committee meetings) reports to each Audit Committee meeting on progress against the rolling 12 month Internal Audit Plan, audit findings and recommendations, business insights and the status of management actions.

### Risk management

Medibank's risk management framework encompasses the systems, structures, policies, processes and people that manage risks across the business. It guides risk management activities across the business to effectively identify, assess, manage, monitor and report risks.

# Corporate governance statement

The framework is implemented through the three lines of defence model and its effectiveness is assessed by the internal audit function on an annual basis with a full comprehensive review on a three yearly basis in accordance with the Risk Management Committee Charter and APRA Prudential Standard CPS220, with these reports being provided to and reviewed by the Risk Management Committee. Both annual and three yearly reviews of the framework were completed in 2021. The Risk Management Committee reviews the documents comprising the risk management framework at least yearly and regularly monitors the framework's effectiveness.

A key component of the framework is the definition of Medibank's risk appetite by the Board which informs management's decision making process. The annual and three yearly reviews of the framework consider whether the framework is sound and Medibank is operating with due regard to the risk appetite set by the Board.

Medibank continues to operate and strengthen enterprise risk management practices in alignment with the requirements outlined in the APRA Prudential Standard CPS220 – Risk Management.

## Material risks

Material business risks are those risks deemed to have a significant impact on Medibank's operations, financial prospects and business objectives. These are discussed in the operating and financial review on pages 28 to 29 of the annual report. The material risks are strategic, credit, capital and liquidity, market and investment, insurance, clinical, operational and regulatory compliance.

## Environmental, social and governance risks

Medibank's risk management framework also applies to environmental, social and governance ('ESG') risks. Medibank's material ESG topics, as identified in our social and governance framework, have been mapped to our material categories in the operating and financial review on pages 28 to 29 of the annual report.

Medibank commissioned an independent external review to assess our exposures to climate change risks in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The review did not identify material exposures at this time for Medibank; however, the outcomes of the review, and Medibank's response, have been reported on page 53 of our Sustainability Report. Further detail on Medibank's approach to sustainability and ESG issues can also be found in our Sustainability Report.

## Governance

The Board has overall responsibility for Medibank's risk management framework including setting the risk appetite for Medibank. The Board reviews the risk management framework at least annually and satisfies itself that management has developed and implemented a sound

system of risk management and internal control to effectively manage risk across the business in line with regulatory and statutory requirements.

The Risk Management Committee assists the Board in overseeing the implementation of the risk management framework. Currently, the committee comprises four non-executive directors, at least one of whom is a member of the Audit Committee. The chairman of the committee is an independent non-executive director who is not the chairman of the Board. Committee members are appointed based on their qualifications and experience to ensure that the committee can adequately discharge its duties.

Risk management plays an important role in remuneration outcomes. For an incentive award to be made to any employee, a risk, compliance and behaviour gateway must be achieved. Further, all employees have a risk KPI incorporated into their performance scorecard under the company-wide 'I Perform Better' performance framework. More information on the relationship between risk and remuneration can be found in the remuneration report on pages 58 to 59.

The Board is further assisted by the Investment and Capital Committee, which oversees the implementation and monitoring of the investment strategy and Capital Management Policy approved by the Board, including monitoring the effectiveness of the investment process in achieving optimum return relative to risk. The Executive Risk Committee and Divisional Risk Committees are management committees that assist the CEO with the oversight of risk management activities across the business to ensure material risks are managed in line with the approach defined in the risk management strategy and the risk appetite set by the Board.

Medibank has adopted a three lines of defence approach to define risk management roles, responsibilities and accountability:

**First line:** Management is accountable for identifying, assessing, monitoring and managing material risks in the business. They are responsible for decision making and the execution of business activities, whilst managing risk to ensure it is in line with the Board's risk appetite and strategy.

**Second line:** The enterprise risk and compliance functions provide objective advice and challenge to the first line on risk and control activities and provide assurance and guidance on the design and implementation of appropriate risk management activities.

**Third line:** The internal audit function provides independent assurance to the Audit Committee and the Board on the adequacy and effectiveness of the risk management framework, financial reporting processes and internal control and compliance systems operating in the first and second line.

This corporate governance statement is accurate and up to date as at 25 August 2021 and has been approved by the Board.