

People and Remuneration Committee Charter

Medibank Private Limited (ABN 47 080 890 259) (**“Medibank”**)

1 PURPOSE AND AUTHORITY

1.1 Purpose

The purpose of this People and Remuneration Committee Charter is to set out the authority delegated to the People and Remuneration Committee (“**Committee**”) by the board of directors of Medibank (“**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 Medibank’s constitution. It has the authority and power to exercise the role and responsibilities set out in this charter and granted to it under any separate resolutions of the Board from time to time.

2 ROLE OF THE COMMITTEE

The role of the Committee is to assist and advise the Board on effectiveness, integrity and compliance of Medibank’s remuneration policy and practices and people and culture strategies.

Its key responsibilities include:

- a) Reviewing and overseeing Medibank’s key people and organisational culture strategies, including employee engagement, values and behaviours;
- b) reviewing remuneration arrangements for senior executives and non-executive directors;
- c) reviewing Medibank’s remuneration policy and remuneration report;
- d) reviewing and overseeing matters relating to Medibank’s key incentive and equity incentive plans;
- e) ensuring that Medibank’s remuneration policies and practices are consistent with its risk management framework, aligns with prudent risk taking and supports the long term financial soundness of Medibank;
- f) reviewing and monitoring the effectiveness of Medibank’s strategies for executive succession, talent management, industrial relations and diversity; and
- g) reviewing and monitoring Medibank’s Health, Safety and Wellbeing strategy and performance;

3 RESPONSIBILITIES

3.1 People and Culture Strategies

- a) The Committee is responsible for reviewing, monitoring and making recommendations to the Board regarding:
 - (i) Medibank’s remuneration, recruitment, retention and termination policies for the MD/CEO, senior executives and other employees and any changes to those policies and implementation of those policies (including any shareholder approvals required);
 - (ii) Medibank’s executive management succession plan, including professional and career development for key and high potential executives and advising of internal/external availability for key executive positions;
 - (iii) Medibank’s training, education and development programs and policies;
 - (iv) organisational culture and engagement matters.

3.2 Remuneration – Senior Executives

- a) The Committee is responsible for reviewing and making recommendations to the Board for approval regarding:

- (i) the total remuneration packages for the Managing Director & Chief Executive Officer (“MD/CEO”), senior executives and individuals as specified by the Committee at the time of their appointment (including base pay, incentive payments, equity based awards, superannuation and other retirement rights, employment contracts), and on an annual basis, having regard to their performance;
 - (ii) annual performance objectives and measures for the MD/CEO and senior executives.
- b) The Committee is responsible for making annual recommendations to the Board on the remuneration of the MD/CEO, senior executives and other specified individuals, whose activities may in the opinion of the Committee, affect the financial soundness of Medibank. The Committee will have regard for the performance and behaviour of those individuals, the circumstances and performance of Medibank, including where necessary or appropriate in the view of the Committee, clawback of incentives, adjustments or other consequence management mechanisms.

3.3 Remuneration – Non-Executive Directors

- a) The Committee is responsible for:
- (i) reviewing the ongoing appropriateness and relevance of the remuneration framework for the chairman and the non-executive directors including relevant benchmarking and the process by which any pool of directors’ fees approved by shareholders is allocated to directors;
 - (ii) recommending to the Board for approval any changes to the remuneration framework or remuneration policies for the non-executive directors (including the chairman) and the chairman and members of the committees of the boards.

3.4 Remuneration Policy

- a) The Committee is responsible for:
- (i) ensuring Medibank maintains a documented remuneration policy outlining the remuneration objectives and the structure of the remuneration arrangements, including, but not limited to, the performance based components of remuneration;
 - (ii) working with the Board, other committees and management to ensure remuneration policies are consistent with Medibank’s risk management strategy, prudential risk taking and supports Medibank’s long term financial soundness;
 - (iii) conducting regular reviews of the Medibank’s remuneration policy, including its effectiveness and compliance with regulatory requirements (including APRA prudential standards); and
 - (iv) reporting to the Board the outcomes of that review and make recommendations to the board on any changes to the policy.
- b) In fulfilling these responsibilities, the Committee will ensure that:
- (i) remuneration is set at a level which:
 - is competitive, equitable and designed to attract and retain high quality talent;
 - promotes diversity, equal opportunity, and ethical behaviour;
 - motivates executives to responsibly pursue the long-term growth of the Medibank Group;
 - establishes a clear relationship between executives’ performance and their remuneration;
 - (ii) employees’ performance aligns with the Medibank Group’s strategy, shareholder and customer interests, and is structured in a manner designed to link rewards to corporate and individual performance (reflecting short and long term performance objectives appropriate to the Medibank Group’s circumstances and goals) and to support Medibank’s long-term financial soundness and risk management framework;

- (iii) a clear distinction is maintained between the structure of non-executive directors' remuneration and that of executive directors and senior executives;
- (iv) any engagement of a remuneration consultant is approved by the Board or the Committee and the remuneration consultant must report its recommendation directly to either or both of the members of the Board (other than an executive director) or members of this Committee;
- (v) the Committee and the Board are satisfied with the arrangements put in place to ensure that any remuneration recommendation made by the remuneration consultant is made free from undue influence from any member of the senior management to whom the recommendation relates; and
- (vi) the Committee provides the Board with information sufficient to ensure that the Board makes an informed decision in relation to the Committee's recommendations.

3.5 Incentive schemes and equity based remuneration

- a) The Committee is responsible for reviewing and making recommendations to the Board regarding:
 - (i) incentive schemes, if appropriate, for the MD/CEO, senior executives and other employees; and
 - (ii) equity based remuneration plans, if appropriate, for the MD/CEO, senior executives and other employees.

taking into consideration legislative, regulatory and market developments, alignment with shareholder and customer interests, and Medibank's risk management framework.

- b) For any incentive schemes or equity based plans which are adopted, the Committee is responsible for:
 - (i) reviewing their terms (including any eligibility criteria and performance hurdles) and any amendments to those terms;
 - (ii) ensuring plans are designed to incentivise participants to act in line with the behaviours and attributes outlined in Medibank's Risk Culture Framework;
 - (iii) overseeing their administration (including compliance with applicable laws that restrict participants from hedging the economic risk of their security holdings) and disclosing its policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme;
 - (iv) the methodology for assessing, determining and adjusting incentive awards to ensure performance over the longer term is aligned with shareholder and customer outcomes and Medibank's risk management strategy;
 - (v) working with the Risk Management Committee to ensure the linkage between risk and remuneration. This includes considering risk and reputational matters relevant to the determination of outcomes under incentive schemes or equity based plans as appropriate.
 - (vi) considering whether shareholder approval is required or desirable for the schemes or plans and for any changes to them; and
 - (vii) ensuring that payments and awards of equity are made in accordance with their terms and any shareholder approval.

3.6 Diversity

The Committee is responsible for:

- a) making recommendations to the Board regarding the measurable objectives for diversity, including gender diversity, across, and at various levels of Medibank;
- b) annually assessing the objectives set by the Board and the progress toward achieving them;
- c) reviewing and monitoring the effectiveness of the Diversity and Inclusion Policy, its publication and Medibank's progress on diversity matters;

- d) annually reviewing the proportion of women who are employed by Medibank as a whole, in senior management positions and who are on the Board and submitting a report to the Board outlining its findings; and
- e) overseeing the implementation of the diversity initiatives set out in the Diversity and Inclusion Policy.

3.7 Health, Safety and Wellbeing

The Committee is responsible for:

- a) reviewing and monitoring Medibank's health and safety performance reports in relation to management of identified health and safety risks; analysis of trends; and progress towards agreed key performance measures and business targets;
- b) assessing and reviewing the annual Health, Safety and Wellbeing strategy, and providing recommendations (where required) to Board for endorsement;
- c) providing assurance to the Board (as designated "Officers") that relevant applicable regulatory compliance requirements for workplace health and safety are being met;
- d) monitoring Medibank's workers compensation, and injury/illness management and rehabilitation programs, including oversight of Medibank's self-insurance license obligations; and
- e) participating in scheduled reviews of the Health Safety & Wellbeing Policy and the Injury and Illness Management Policy to maintain currency.

3.8 Other Responsibilities

- a) The Committee is also responsible for monitoring and providing input to the Board regarding:
 - (i) legislative, regulatory or market developments likely to have a significant impact on Medibank in respect of remuneration and employment issues;
 - (ii) industrial relations strategies including awards and enterprise bargaining agreements;
 - (iii) Medibank's performance in relation to the remuneration trends across Medibank, including
 - the trends in base pay for senior management relative to that of all Medibank employees; and
 - remuneration by gender; and
 - (iv) major changes to employee benefits structures in Medibank.

4 REPORTING AND DISCLOSURE

- a) The Committee will:
 - (i) liaise with the Audit Committee in relation to Medibank's remuneration related reporting in the financial statements and remuneration report required under the Corporations Act 2001.
 - (ii) approve the annual remuneration report prepared in accordance with the Corporations Act 2001 containing information on Medibank's remuneration policy, practices, attendance at and frequency of Committee meetings and make recommendations to the Board for the inclusion of the remuneration report in Medibank's annual report.
 - (iii) ensure that all applicable governance, accounting and legal requirements regarding disclosure of remuneration, in all forms, are complied with.
 - (iv) review and make recommendations to the Board regarding shareholder and other stakeholder engagement in relation to Medibank's remuneration policies and practices, including separately disclosing its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

- b) The Committee chairman will attend Medibank's annual general meetings prepared to respond to any shareholder questions on the Committee's activities.

5 DELEGATION

The Committee may delegate any of its powers and responsibilities as the Committee thinks appropriate for the administration of director, senior executive and employee share, option or other plans, to senior management.

6 MEMBERSHIP

6.1 Composition and size

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

- a) all of whom are non-executive directors;
- b) a majority of whom are independent directors; and
- c) at least one of whom is a member of the Risk Management Committee.

Each member must be free from any interest, business or other relationship which, in the opinion of the Board, could, or could reasonably be perceived to, materially interfere with the exercise of his or her independent judgment as a member of the Committee.

Each member shall have sufficient skills and experience to carry out the responsibilities as a member of the Committee.

A member may retire from the Committee by giving written notice to the chairman or the Secretary of the Committee.

6.2 Chairman

The chairman of the Committee must be an independent non-executive director, and appointed by the Board.

If, for a particular Committee meeting, the Chairman is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a chairman for the meeting.

6.3 Secretary

The company secretary is the secretary of the Committee.

7 COMMITTEE MEETINGS AND PROCESS

7.1 Meetings

Meetings and proceedings of the Committee are governed by the provisions in Medibank'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.

Committee members may attend meetings in person or by electronic means.

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

7.2 Frequency and calling of meetings

The Committee will meet as frequently as required to perform its functions, as required by the chairman.

The chairman must call a meeting of the Committee if requested by any member of the Committee, the external auditor, the internal auditor or the chairman of the Board.

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.

7.3 Quorum

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

7.4 Attendance by management and advisers

The Committee chairman may invite the MD/CEO, Chief Financial Officer, other senior executives, directors who are not members of the Committee and external advisers to attend meetings of the Committee.

7.5 Reporting

The Committee, through its chairman, will report to the board on Medibank's activities on a regular basis.

7.6 Minutes

The secretary will keep minute books to record the proceedings and resolutions of Committee meetings, and will be available to the Board on request.

7.7 Access to information and advisers

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

- a) requiring management or others to attend meetings and to provide any information or advice that the Committee requires;
- b) accessing Medibank's documents and records;
- c) obtaining the advice of special or independent counsel, accountants or other experts, without seeking approval of the Board or management; and
- d) having unfettered access at all times to senior management, the Chief Risk Officer, Chief Actuary and manager responsible for internal audit and external auditors.

The Committee also has the authority to conduct or direct any investigation required to fulfill its responsibilities.

8 COMMITTEE'S PERFORMANCE EVALUATION

The Company Secretary will facilitate a review of the performance of the Committee annually in accordance with processes established by the Board and will report the findings of that review to the Committee and the Board.

9 REVIEW AND PUBLICATION OF THE CHARTER

The Committee will review its charter from time to time to keep it up to date and consistent with the Committee's authority, objectives and responsibilities and report to the Board any changes it considers should be made. This charter may be amended by resolution of the Board.