

# Audit Committee Charter

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

# Audit Committee Charter

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## 1 PURPOSE AND AUTHORITY

### 1.1 Purpose

The purpose of this Audit Committee Charter is to set out the authority delegated to the Audit 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 under any separate resolutions of the Board granted to it from time to time.

## 2 ROLE OF THE COMMITTEE

The role of the Committee is to provide an objective, non-executive review of the effectiveness of Medibank’s internal control, financial reporting and risk management framework, in order to assist the Board in carrying out its accounting, auditing, and financial reporting responsibilities.

In fulfilling this role, the Committee will – in accordance with Medibank’s purpose, values and Code of Conduct – have appropriate regard to customer and community interests and expectations.

## 3 RESPONSIBILITIES

### 3.1 External reporting

The Committee is responsible for:

- (a) overseeing and reviewing the integrity of Medibank’s external financial reporting and financial statements, and the overall policy direction of the internal and external audit function;
- (b) overseeing the external financial reporting process (including accompanying financial reporting and investor presentations lodged with the Australian Securities Exchange and financial reporting required under the Australian Prudential Regulation Authority’s prudential standards) at the group and health benefits fund levels (“external reporting”);
- (c) taking reasonable steps to ensure that sound systems and procedures are in place for compliance with relevant laws and regulatory requirements relating to financial reporting;
- (d) reviewing management’s processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the preparation of accounts and external reporting;
- (e) reviewing (i) the representations made by management in relation to external reporting and (ii) the representations or papers by management in relation to interim, final or special dividends and compliance with relevant laws and regulatory requirements relating to such dividends, and making recommendations to the Board on such matters;
- (f) reviewing the Chief Executive Officer (“**CEO**”) and Chief Financial Officer (“**CFO**”) declarations regarding the financial records and statements and the process supporting those declarations;
- (g) assessing information from internal and external auditors that affects the quality of external reporting; and
- (h) making a recommendation to the Board in respect of whether external reporting should be approved.

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## 3.2 External auditor

The Committee is responsible for:

- (a) providing prior endorsement of, and recommendations to the Board on the appointment and removal of the external auditor;
- (b) reviewing the external auditor's terms of engagement (including any proposal for the external auditor to provide non-audit services and the fees payable to the external auditor for audit and non-audit work) and performance annually and being satisfied that the external auditor and the external audit function are adequate and independent, having regard to the relevant legislation and regulatory requirements, and advising the Board of its findings as to the external auditor's independence;
- (c) taking reasonable steps to ensure there is unfettered access for the external auditor to raise matters directly with the Board or the Committee, including inviting the external auditor to attend Committee meetings to present the audit plan, discuss audit results and consider the implications of external audit findings;
- (d) taking reasonable steps to ensure that the external auditor attends Medibank's annual general meetings and is available to answer questions from shareholders relevant to the audit;
- (e) reviewing regularly the scope and adequacy of the external audit plan and assessing whether it addresses Medibank's financial reporting requirements and material risks, and reviewing the results of the audit findings to ensure that the issues are being managed and rectified in a timely manner, and reporting to the Board as appropriate;
- (f) meeting with the external auditor without management present half yearly and annually, at a minimum; and
- (g) requiring that the lead external audit engagement partner normally be rotated every five years, or more frequently if the Committee considers it desirable to maintain the external auditor's independence.

## 3.3 Delegated powers

The Chair of the Committee has been delegated the authority from the Board to review and approve any proposal for the external auditor to provide non-audit services (including the fees payable to the external auditor for non-audit services).

## 3.4 Internal audit

The Committee is responsible for:

- (a) taking reasonable steps to ensure the adequacy, expertise, performance and independence of the internal audit function, and overseeing management's processes for ensuring that the internal audit function is adequately resourced and skilled for the size and corporate complexity of Medibank;
- (b) reviewing and approving the Internal Audit Charter periodically;
- (c) taking reasonable steps to ensure that there is unfettered access:
  - (i) for the internal audit function to raise matters directly with the Board or the Committee, and meeting with the internal audit function without management present at least annually; and
  - (ii) for the internal audit function, to all business operations of Medibank;

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- (d) regularly reviewing and approving the internal audit plan to ensure that it covers all material risks and processes, and making recommendations to the Board;
- (e) satisfying itself that internal audit processes are clearly documented and subject to regular review;
- (f) monitoring management's response to the internal audit findings and recommendations and overseeing management's processes for ensuring that issues identified are addressed in an appropriate and timely manner;
- (g) approving the appointment or removal of the Hub Lead – Internal Audit; and
- (h) taking reasonable steps to ensure the Hub Lead – Internal Audit at all times has a reporting line and unfettered access to the Committee.

## 3.5 Internal control and actuarial

For the purposes of overseeing and reviewing the integrity of Medibank's external financial reporting and financial statements, the Committee is responsible for:

- (a) overseeing and reviewing systems to ensure effective management of financial and non-financial risks;
- (b) reviewing the internal control framework at least annually to ascertain whether it:
  - (i) has been designed to effectively manage material business risks; and
  - (ii) is operating effectively in all material respects in relation to the financial reporting risks;
- (c) ensuring Medibank maintains policies and procedures for employees to submit confidentially, information about accounting, internal controls, compliance and audit, and other matters of employee concern; ensuring that the employees are aware of these policies; and dealing with the matters raised by employees under these policies;
- (d) referring to the Risk Management Committee, Investment and Capital Committee and the People and Remuneration Committee any matters that have come to the attention of the Committee that are relevant to those Committees;
- (e) taking reasonable steps to ensure that the Chief Actuary has access to, and is advised of, any information or document in Medibank's possession or control that relates to the solvency of the health benefits fund or concerns a matter in relation to which the Chief Actuary will be required to give advice; and
- (f) taking reasonable steps to ensure that there is unfettered access:
  - (i) for the Chief Actuary to raise matters directly with the Board or the Committee; and
  - (ii) for the actuarial function, to all business operations of Medibank.

## 3.6 Tax

The Committee is responsible for reviewing policies and processes for ensuring and monitoring compliance with tax laws, regulations and other requirements and making recommendations to the Board on such matters.

# 4 MEMBERSHIP

## 4.1 Composition and size

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

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- (a) all of whom are non-executive directors;
- (b) a majority of whom are independent directors; and
- (c) at least one of whom will be 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.

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

## 4.2 Technical expertise

The Committee must be structured so that:

- (a) all members are financially literate, that is, they are able to read and understand financial statements;
- (b) at least one member has financial expertise, that is, is an accountant or financial professional with experience of financial and accounting matters; and
- (c) some members have an understanding of the industry in which Medibank operates.

## 4.3 Chair

The Chair of the Committee must be an independent non-executive director, and must not be the Chair of the Board; however, the Chair of the Board may sit on the Committee.

The Chair of the Committee is appointed by the Board.

If, for a particular Committee meeting, the Chair of the Committee is not present within 10 minutes of the nominated starting time of the meeting, or is unable to attend the meeting, the Committee may elect a chair for the meeting.

## 4.4 Secretary

The Company Secretary is the secretary of the Committee.

# 5 COMMITTEE MEETINGS AND PROCESSES

## 5.1 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.

## 5.2 Frequency and calling of meetings

The Committee will meet a minimum of four times each year, or otherwise as frequently as required to undertake its role effectively.

Additional Committee meetings may be convened as the Chair of the Committee considers necessary, taking into account requests from any member of the Committee, the CEO, the Group Lead – CFO & Group Strategy, the Chief Actuary, the Hub Lead – Internal Audit or external auditors.

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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.

## 5.3 Quorum

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

## 5.4 Attendance by management and advisors

The Committee will invite external auditors and the Chief Actuary to the meetings of the Committee as applicable.

The CEO, Group Lead – CFO & Group Strategy, and Hub Lead – Internal Audit may attend Committee meetings by standing invitation.

The Chair of the Committee may also invite directors who are not members of the Committee, other senior managers and external advisors to attend meetings of the Committee.

## 5.5 Reporting

The Committee, through its Chair, will:

- (a) report to the Board on its activities on a regular basis; and
- (b) take reasonable steps to ensure the Board is aware of matters before the Committee that may materially impact the financial conditions or affairs of the business.

## 5.6 Minutes

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

## 5.7 Access to information and advisors

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

- (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 Actuary, the Hub Lead – Internal Audit, external auditors, and heads of all risk management functions as applicable.

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

## 6 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.

## 7 REVIEW AND PUBLICATION OF 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. The Committee may approve non-material or administrative amendments to this charter and report these to the Board.