

Board Charter

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

Board Charter

1. PURPOSE OF THIS CHARTER

The purpose of this charter is to specify how Medibank Private Limited ('**Medibank**') and its wholly owned subsidiaries (the '**Medibank Group**') are governed including the identification of the role and responsibilities of the Board, Board committees and management, the membership and the operation of the Board, and the powers that have been specifically reserved to the Board.

2. AUTHORITY

The powers of the Board and individual directors are set out in the Constitution and at law.

In exercising these powers and discharging the responsibilities set out in this Charter, the Board and individual directors will at all times act in accordance with the law, and will observe the highest standards of ethical behaviour.

3. ROLE AND RESPONSIBILITIES OF THE BOARD

The role of the Board is to provide overall strategic guidance for the Medibank Group and effective oversight of Medibank Group operations and management and the Medibank Private Health Insurance Fund. In fulfilling this role, the Board will – in accordance with Medibank's purpose, values and Code of Conduct – have appropriate regard to customer and community interests and expectations.

In carrying out its governance role, a key task of the Board is to drive the performance of Medibank. The Board has overall responsibility for the successful operations of Medibank.

To assist in achieving this role, the Board has reserved to itself the specific responsibilities set out in **Attachment 1**.

4. ROLE AND RESPONSIBILITIES OF CHAIR AND COMPANY SECRETARY

4.1. Chair

Independent Chair

The Chair must be an independent and non-executive director appointed by the Board.

Responsibilities of Chair

The Chair is responsible for ensuring that the Board functions effectively, and for communicating the views of the Board to the public. In performing this role the Chair's responsibilities include:

- (a) providing leadership to the Board;
- (b) facilitating the effective contribution of directors, and promoting constructive and respectful relations between directors;
- (c) ensuring that the Board maintains an in depth understanding of Medibank's financial position and performance and the opportunities and challenges facing Medibank;
- (d) maintaining a regular dialogue and mentoring relationship with the Chief Executive Officer ('**CEO**'), and promoting constructive and respectful relations between management and the Board;
- (e) representing the Board externally, including to shareholders;
- (f) monitoring the Board's performance;
- (g) guiding and promoting the effectiveness of the Board and individual directors; and
- (h) serving as chair of the Nomination Committee.

4.2. Company secretary

The company secretary acts as secretary of the Board, attending all meetings of the Board as required. The company secretary is accountable directly to the Board through the Chair on all matters relating to the proper functioning of the Board.

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5. DELEGATIONS OF AUTHORITY

5.1. Delegation to Board committees

Under the Constitution, the Board may delegate any of its powers, other than powers required by law to be dealt with by directors as a board, to a committee or committees as they think fit.

The Board will ensure there are procedures in place to enable it to monitor the exercise of delegations and the reporting back to the Board and may not abrogate its responsibilities through the use of delegations.

Standing committees established by the Board will adopt charters setting out the role, authority, responsibilities, membership and operation of the committee. There are currently five standing committees:

- (a) Audit Committee;
- (b) Investment and Capital Committee;
- (c) Nomination Committee;
- (d) People and Remuneration Committee; and
- (e) Risk Management Committee.

Medibank may establish other committees from time to time to consider other matters of special importance. All non-executive directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings and are entitled to obtain professional or other advice in order to effectively carry out their functions.

The chair of each committee will report back on committee meetings to the Board at the next full Board meeting.

5.2. Delegation to CEO and management

The Board delegates to the CEO the authority to manage the day to day affairs of Medibank, and the authority to control the affairs of Medibank in relation to all matters other than those responsibilities that it has specifically reserved to itself as identified in **Attachment 1**.

The Board will ensure there are procedures in place to enable it to monitor the exercise of delegations by the CEO and management reporting to the Board.

6. MEMBERSHIP

6.1. Composition and size

The Board comprises a minimum of five and a maximum of nine directors. The majority of the directors must ordinarily reside in Australia.

At all times, the majority of the Board should be independent, non-executive directors. Medibank will disclose the names of the directors considered by the Board to be independent directors.

Range of skills, knowledge and experience

The Board will seek to ensure the directors continue to have the range of skills, knowledge and experience to:

- (a) understand collectively the business of and risks to Medibank;
- (b) understand Medibank's legal and prudential obligations;
- (c) oversee effectively the management of Medibank; and
- (d) use their independent thinking and judgement to contribute effectively to the Board's deliberations and processes.

Succession

The Board's succession planning is designed to:

- (a) maintain an appropriate balance of skills, knowledge and experience on the Board;
- (b) ensure the Board remains open to new ideas and independent thinking; and
- (c) give consideration to the length of time an independent director has served on the Board, and whether this could compromise that director's independence.

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Evaluating Performance

The Board will evaluate the performance of itself, its committees, its directors and the direct reports of the CEO annually, in accordance with processes established by the Board. The evaluation process will include review of whether directors are meeting the time commitment required of a non-executive director and whether directors remain 'fit and proper' persons to hold that office.

6.2. Appointment and re-election of directors

Selection

The Board nominates, selects and appoints new non-executive directors. The Nomination Committee assists and advises the Board regarding director selection and appointment practices, induction and continuing professional development programs for directors, director performance evaluation processes and criteria, Board composition and succession planning for the Board and the CEO.

Appointment and Induction

Directors and senior executives will be engaged by a letter of appointment setting out the terms and conditions of their appointment. Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them to ensure they develop and maintain skills and knowledge needed to perform their role as directors effectively.

Tenure

Directors must retire from office in accordance with the Constitution. Retiring directors may be eligible for re-election. Before each annual general meeting, the Chair will assess the performance of any director standing for re-election and the Board will determine its recommendation to shareholders on the re-election of the director (in the absence of the director involved). The Board (excluding the Chair) will conduct the review of the Chair.

6.3. Independence

All directors, whether independent or not, should bring an independent judgment to bear on all Board decisions.

A director is considered independent by the Board if the director is a non-executive director who is not a member of management and is free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment or could reasonably be perceived to do so.

An independent director of Medibank does not cease to be an independent director for the sole reason of being a director of a subsidiary of Medibank.

However, a director who:

- (a) is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, or otherwise associated directly with, a substantial shareholder of Medibank;
- (b) receives performance based remuneration (including options or performance rights) or participates in a Medibank employee incentive scheme;
- (c) is employed, or has previously been employed in an executive capacity by Medibank or its subsidiaries, where there has not been a period of at least three years between ceasing that employment and serving on the Board;
- (d) is, or has within the last three years been a principal of a material professional adviser or a material consultant to Medibank or its subsidiaries, or an employee materially associated with the service provided;
- (e) is, or has been within the last three years, in a material business relationship (eg as a supplier, professional adviser, consultant or customer) with Medibank or its subsidiaries, or an officer of, or otherwise associated directly or indirectly with, someone with such a relationship;
- (f) has a material contractual relationship with Medibank or its subsidiaries other than as a director of Medibank;
- (g) has close personal ties with any person who falls within any of the categories described above; or
- (h) has been a director of Medibank for such a period that the director's independence may have been compromised,

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will not be independent, unless it is clear that the interest, position or relationship in question is not material and will not interfere with the director's capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of Medibank as a whole rather than in the interests of an individual security holder or other party.

The Board will regularly assess the independence of each director in light of the interests disclosed by the director. Each independent director must provide the Board with all relevant information for review.

Any change to a director's independent status will be disclosed to the market in a timely manner.

6.4. Conflicts of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of Medibank or its subsidiaries. Directors are required to disclose to the Board details of transactions which may create a conflict of interest for them in the decisions placed before the Board.

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests.

Directors must not participate in discussions, and must abstain from voting on any decisions, in which they have, or may be perceived to have, a material personal interest.

7. BOARD PROCESS

7.1. Meetings

Agenda, Papers and Minutes

Each Board meeting is to have a structured agenda and, where appropriate, Board decisions are to be informed by a Board paper to ensure that sufficient information is provided to support discussion and decision making. The Chair will approve the Board meeting agenda.

The agenda and supporting papers are to be distributed to directors a reasonable time in advance of each meeting.

Minutes of each Board and Committee meeting will be prepared recording the business of the meeting.

Meetings and Proceedings

All Board meetings will be conducted in accordance with the Constitution and the Corporations Act. Three (3) directors constitute a quorum for meetings of the Board unless otherwise determined by the directors. A majority of directors present and eligible to vote at all Board meetings must be non-executive directors.

Directors are generally expected to prepare adequately, attend and participate at each Board meeting. The Chair will ensure that adequate time is available for discussion of all agenda items, including strategic issues.

At the conclusion of discussions the proposed resolution is either passed as is, amended and passed, or rejected.

Non-executive directors will periodically meet without executive directors or management present.

The Board may conduct meetings by telephone or video conference.

The Board may request or invite management or external consultants to attend Board meetings, where appropriate.

7.2. Independent professional advice

Following consultation with and consent from the Chair, directors may seek independent professional advice at Medibank's expense in respect of any matter connected with the discharge of their responsibilities.

The Chair must not unreasonably withhold consent to obtain advice and must inform the Board of the request as soon as possible. Any advice obtained at Medibank's expense under this clause 7.2 must be made available to Medibank, by providing to the Company Secretary and generally will also be made available to all directors except where this would result in unreasonable prejudice to the director seeking the advice.

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7.3. Access to management

The directors have complete and open access to management following consultation with the Chair and the CEO.

8. REVIEW AND PUBLICATION OF CHARTER

The Board is responsible for reviewing this charter and the division of functions and responsibilities between the Board and management to determine its appropriateness in light of the needs of Medibank from time to time. The charter may be amended by resolution of the Board.

The charter will be made available on Medibank's website.

ATTACHMENT 1 BOARD RESERVED POWERS

The Board is responsible for:

STRATEGY

- Providing strategic direction and approval of Medibank's corporate strategy and performance objectives.
- Monitoring the performance of the business and achievement of Medibank's corporate strategy and performance objectives.
- Approving significant acquisitions or divestments of a business or entity.
- Approving any business activity not contemplated in Medibank's corporate strategy.
- Approving any significant joint venture or merger and related documentation.
- Approving the environment, social and governance (**ESG**) strategy.
- Overseeing management in its implementation of Medibank's strategic objectives.

GOVERNANCE

- Approving and monitoring the Board's compliance with the Board Charter, the Committee Charters and key governance policies.
- Keeping the market informed of Medibank's performance and major developments and implementing policies and reporting to ensure compliance with Medibank's continuous disclosure obligations.
- Matters in the Disclosure and Communication Policy specifically reserved for the Board.
- Approving material press releases.

PEOPLE, SENIOR EXECUTIVE APPOINTMENTS, PERFORMANCE & REMUNERATION

- Appointing, evaluating the performance, determining the remuneration and, should it be necessary, terminating the employment of the CEO.
- Approving the appointment, evaluating the performance, determining the remuneration and, should it be necessary, terminating the employment of the Chief Financial Officer and the Company Secretary.
- For other members of the Group Squad and Senior Managers (on an individual basis), and Material Risk Takers and Risk & Financial Control personnel (on a cohort basis), as each of those terms are defined in APRA Prudential Standard CPS 511, approving the total remuneration arrangements at the time of their appointment and their annual performance objectives, measures and outcomes.
- Approving the Medibank remuneration framework and strategy (including any incentive component), including satisfying itself that the framework is aligned with Medibank's purpose, values, business plan, strategic objectives, risk management framework and applicable prudential standards.
- Approving the Medibank remuneration policy and any amendments to that policy.
- Ensuring a process is in place for evaluating and monitoring the performance of Group Squad members.
- Developing and approving succession plans for the CEO and reviewing and approving succession plans for Group Squad members.
- Reviewing and approving remuneration and other benefits to be paid to non-executive directors within the limits approved by shareholders at a general meeting.
- Approving the engagement of remuneration consultants.
- Approving Medibank's code of conduct, and overseeing Medibank's purpose, culture and values.

FINANCIAL

- Approving and monitoring performance against the Corporate Plan (including operating and capital expenditure budgets) and any additional major capital or operating expenditure.
- Approving major capital expenditure.

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- Overseeing capital management.
- Approving the full year and half year financial statements, the accounting policies on which the statements are based, the directors' reports and key elements of other related, regulatory lodgements and market releases.
- Declaring or determining and approving the payment of dividends.
- Ensuring Medibank is financially sound and meets prudential requirements.
- Approving and overseeing any loan and Medibank's debt facilities.
- Approving the annual private health insurance rate change submission.
- Approving the purchase and sale of freehold land.
- Approving the grant of any mortgage or charge over Medibank's assets, other than a purchase money security interest granted in the ordinary course of business.
- Approving the transfer of assets, liabilities or debt, other than in the ordinary course of business.
- Approving the write down value of assets or the write off of bad debts.
- Approving material contracts.
- Approving significant sponsorships.
- Approving significant donations (other than political donations).
- Approving political donations and significant payments for attendance at a political function where there is a legitimate business reason.
- Approving the payment or reimbursement of legal costs of any officer or employee of the Group.

RISK MANAGEMENT, COMPLIANCE AND WORKPLACE HEALTH AND SAFETY

- Setting the risk appetite for Medibank, overseeing and monitoring the risk management framework and satisfying itself that it:
 - is sound and addresses both financial and non-financial risks; and
 - provides for relevant information to be reported by management to the Board.
- Monitoring Medibank's workplace health and safety performance.
- Monitoring the quality and safety of clinical services.
- Monitoring Medibank's compliance framework and internal controls to ensure financial integrity and compliance with relevant laws and regulations.
- Approving the initiation or settlement of significant litigation involving Medibank.
- Approving the appointment and removal of Medibank's external auditor.
- Overseeing internal and external audit activities.
- Requiring that management supplies the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.
- Overseeing the annual insurance program.

CULTURE

- Approving a diversity and inclusion policy including measurable objectives for achieving diversity.
- Fostering high business standards, ethical conduct and a culture of compliance and accountability.
- Demonstrating leadership, including by challenging management and holding it to account where required.