

# 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 (“**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 necessary powers 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.

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

# 2 ROLE OF THE COMMITTEE

The Medibank Board is ultimately responsible for, and actively oversees, Medibank’s remuneration arrangements and their effective application.

The role of the Committee is to assist and advise the Board in fulfilling these responsibilities and is responsible for overseeing the design, operation and monitoring of Medibank’s remuneration policy and practices and people and culture strategies, and ensuring their effectiveness, integrity and compliance (including in respect of applicable APRA prudential standards, the Financial Accountability Regime Act 2023 (**FAR**), and any other applicable legislation or regulatory requirements in force from time to time).

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 on an individual basis for the Chief Executive Officer (**CEO**), relevant senior executives including the Group Squad (**GS**), and non-executive directors;
- (c) reviewing remuneration arrangements on a cohort basis for Material Risk Takers and Risk and Financial Control Personnel, as those terms are defined in APRA Prudential Standard CPS 511;
- (d) reviewing remuneration arrangements for Accountable Persons, as that term is defined under FAR, and making recommendations to the Board in respect of any amendments that may be required to meet FAR remuneration obligations;
- (e) reviewing Medibank’s remuneration framework, arrangements and report (supported by People, Culture & Sustainability), including:
  - (i) reviewing the remuneration policy at least annually to ensure compliance with applicable APRA prudential standards, FAR, and any other applicable legislation or regulatory requirements (including awards or other industrial agreements) which may be in force from time to time; and
  - (ii) considering and making recommendations to the Board regarding findings of comprehensive periodic reviews of Medibank’s remuneration arrangements undertaken by operationally independent, appropriately experienced and competent persons as required under regulatory or legislative requirements or undertaken at the Committee’s discretion.

The Committee will take appropriate and timely action to ensure the findings of any compliance reviews are adequately addressed and implemented;

- (f) reviewing and making recommendations to the Board in respect of any changes to Medibank’s remuneration policy, which forms part of the remuneration framework;
- (g) reviewing and overseeing matters relating to Medibank’s key incentive and equity incentive plans;
- (h) reviewing Medibank’s remuneration policies and practices for consistency with its risk management framework (including the management of both financial and non-financial risk), alignment with prudent risk taking, and the support of the long-term financial soundness of Medibank;
- (i) reviewing and monitoring the effectiveness of Medibank’s strategies for executive succession, talent management, industrial relations and diversity; and

- (j) reviewing and monitoring Medibank's Health, Safety and Wellbeing strategy and performance;

### **3 RESPONSIBILITIES**

#### **3.1 Remuneration framework and related policies**

The Committee is responsible for reviewing, monitoring and making recommendations to the Board regarding Medibank's remuneration framework and the recruitment, retention and termination policies for the CEO, relevant senior executives including the GS, Material Risk Takers, Risk and Financial Control Personnel, Accountable Persons, and other employees (as relevant) and any changes to those policies and implementation of those policies (including any shareholder approvals required).

#### **3.2 Remuneration arrangements and outcomes – CEO, senior executives, Accountable Persons, Material Risk Takers, Risk and Financial Control Personnel**

- (a) In respect of the CEO and relevant senior executives including the GS and Accountable Persons (on an individual basis), and Material Risk Takers and Risk & Financial Control personnel (on a cohort basis), the Committee is responsible for reviewing and making recommendations to the Board for approval regarding:
  - (i) total remuneration arrangements 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; and
  - (ii) annual performance objectives, measures and outcomes.
- (b) In making its recommendations under paragraph 3.2(a), the Committee will obtain sufficient information to determine whether the variable remuneration arrangements for the specified persons are appropriate having regard to:
  - (i) performance and risk outcomes;
  - (ii) the principles outlined in paragraph 3.4(b).
  - (iii) expected purpose and outcomes;
  - (iv) performance and behaviour of those individuals or cohorts;
  - (v) the variable remuneration of Accountable Persons, including FAR deferral requirements and, where relevant, whether appropriate reductions in variable remuneration outcomes apply where certain failures have occurred; and
  - (vi) 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.

The information must include comprehensive reporting that will enable the Committee to determine whether remuneration outcomes of all remuneration arrangements align with the remuneration framework, and consultation by the Committee with the Risk Management Committee and Chief Risk & Compliance Officer to enable risk outcomes to be appropriately reflected in remuneration outcomes.

#### **3.3 Remuneration – Non-Executive Directors**

The Committee is responsible for:

- (a) reviewing the ongoing appropriateness and relevance of the remuneration framework for the Chair of the Board 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; and
- (b) making recommendations to the Board regarding any changes to the remuneration framework or remuneration policies for the non-executive directors (including the Chair of the Board).

### 3.4 Remuneration Framework and Policy

- (a) The Committee is responsible for:
- (i) making recommendations to the Board regarding Medibank's remuneration framework, including whether it aligns to regulatory requirements. The Board is responsible for approving amendments to the remuneration framework (except for non-substantive amendments of an administrative nature which may be approved by the Group Lead - People, Spaces & Sustainability);
  - (ii) reviewing remuneration arrangements with third-party service providers to ensure that any material conflicts with the objectives of the remuneration framework are mitigated;
  - (iii) Medibank maintaining systems and processes that support the operation of remuneration arrangements, including those that cover the assessment of performance, conduct and consequence management;
  - (iv) 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;
  - (v) working with the Board, other committees and management to ensure remuneration policies are consistent with Medibank's risk management framework (including the management of both financial and non-financial risk), prudential risk taking and support Medibank's long term financial soundness;
  - (vi) conducting regular reviews of Medibank's remuneration policy, including its effectiveness and compliance with regulatory requirements (including APRA prudential standards, FAR, and any other applicable legislative or regulatory requirements in force from time to time) and the categories of persons covered by the policy; and
  - (vii) reporting to the Board the outcomes of reviews under sub-paragraph (iii) and making recommendations to the Board on any changes to the policy. The Board is responsible for approving amendments to the remuneration policy (with the exception of non-substantive amendments of an administrative nature which may be approved by the Group Lead - People, Spaces & Sustainability).
- (b) In fulfilling its responsibilities in this section 3.4, the Committee will ensure that:
- (i) remuneration arrangements are designed to support the following key objectives:
    - the quantum and structure of remuneration is competitive, equitable and designed to attract, motivate and retain high quality talent;
    - promotes diversity, equal opportunity, and ethical behaviour;
    - motivates the CEO, GS, Material Risk Takers and Risk and Financial Control Personnel to responsibly pursue the long-term growth of Medibank and encourages sustainable decision making in the interests of customers, the community and other key stakeholders of Medibank;
    - supports Accountable Persons to meet their accountability obligations under FAR;
    - establishes a clear relationship between performance and remuneration;
    - accounts for the implications to Medibank's reputation and standing in the community if it is seen to pay excessive remuneration;
    - supports the prevention and mitigation of misconduct risk;
    - considers Medibank's commercial interest in controlling expenses;
    - maintains a clear distinction between the structure of non-executive directors' remuneration and that of the CEO, GS, Material Risk Takers and Risk & Financial Control Personnel;
    - encourages behaviours that are consistent with the Medibank Group's overarching purpose and values, 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, sustainable performance and risk management framework (including the management of financial and non-financial risk);
  - (ii) 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;

- (iii) in choosing to engage a remuneration consultant, the Board or the Committee will ensure that the engagement is undertaken (including any advice received) in an independent manner and that the Committee and the Board are satisfied with the arrangements put in place to ensure that any data, benchmarking or any general advice provided in respect of the level or composition of senior management remuneration provided by the remuneration consultant is made free from undue influence from any member of the senior management to whom the advice relates; and
- (iv) 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 annual recommendations to the Board regarding:
  - (i) incentive schemes, if appropriate, for the CEO, senior executives, Accountable Persons and other specified employees; and
  - (ii) equity based remuneration plans, if appropriate, for the CEO, senior executives, Accountable Persons and other specified employees,

taking into consideration the principles outlined in paragraph 3.4(b) the purpose and expected outcomes of the arrangements, legislative, regulatory and market developments, alignment with shareholder and customer interests, and Medibank's risk management framework (including the management of financial and non-financial risk).

- (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) consulting with the Risk Management Committee and Group Lead - Chief Risk & Compliance Officer (or person in a similar role) 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 Organisational Culture and Engagement**

The Committee is responsible for reviewing and monitoring organisational culture and employee engagement strategies and key objectives, including any culture roadmap and employee feedback surveys ("MyVoice").

### **3.8 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 the 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 to maintain currency.

### **3.9 Talent Management and Succession Planning**

The Committee is responsible for reviewing, monitoring and making recommendations to the Board (where appropriate) regarding:

- a) talent review and succession planning for executives including the CEO and GS;
- b) the 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;
- c) Medibank's training, education and development programs and policies;
- d) capability mapping and planning; and
- e) talent acquisition strategies and requirements.

### **3.10 Other Responsibilities**

The Committee is responsible for monitoring and providing input to the Board regarding:

- (a) legislative, regulatory or market developments likely to have a significant impact on Medibank in respect of remuneration and employment issues;
- (b) industrial relations strategies including awards and enterprise bargaining agreements;
- (c) reviewing and monitoring any workplace and industrial relations matters including the outcomes of any payroll integrity review;
- (d) Medibank's performance in relation to the remuneration trends across Medibank, including:
  - (i) the trends in base pay for senior management relative to that of all Medibank employees; and
  - (ii) remuneration by gender; and
- (e) 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; and
  - (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 Chair of the Committee will attend Medibank's annual general meetings prepared to respond to any shareholder questions on the Committee's activities.
  - (c) The Chair of the Committee and / or other members of the Committee may meet with external bodies (e.g. proxy advisors and institutional investors) in the lead up to the annual general meeting, as required.

## **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 exercise competent and independent judgment when carrying out the responsibilities as a member of the Committee.

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

Medibank will disclose the members of the Committee and, as at the end of each financial year, the number of times the Committee met throughout the financial year and the individual attendances of the members at those meetings.

### **6.2 Chair**

The Chair of the Committee must be an independent non-executive director and 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 another member as chair 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, or as required by the Chair of the Committee.

The Chair of the Committee must call a meeting of the Committee if requested by any member of the Committee, the external auditor, the internal auditor or the Chair 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 Chair of the Committee may invite the CEO, Group Executive, People, Culture & Sustainability, 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 Chair, 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) free and unfettered access to other Board Committees;
- (b) requiring management or others to attend meetings and to provide any information or advice that the Committee requires;
- (c) accessing Medibank's documents and records including comprehensive reporting from management that will allow the Committee to assess whether the remuneration outcomes of all remuneration arrangements align with the entity's remuneration objectives as summarised in paragraph 3.4(b) of this Charter;
- (d) obtaining the advice of special or independent counsel, accountants or other experts, without seeking approval of the Board or management; and
- (e) having free and unfettered access at all times to senior management, the Group Lead - Chief Risk & Compliance Officer (or person in a similar role), Risk and Financial Control Personnel, the Chief Actuary and the 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. The Committee may approve non-material or administrative amendments to this Charter and report these to the Board.