

Australian Unity Limited

Board Charter

1. Objectives

The objective of Australian Unity Limited (the Company), as a mutual entity, is to create community value by providing high-trust services and products to members and customers in three core areas of social infrastructure: (1) health and home services, (2) investments, financial and trustee services and (3) aged care and retirement communities.

2. Role of the board

The role of the board is to set strategic objectives to ethically and responsibly develop and sustain the Company's financial substance, build a highly influential national brand, develop, and act as the custodian of, the Group's risk management framework and risk management strategy, set and monitor compliance with the Company's values and governance framework (including demonstrating leadership) and protect members' interests.

It is responsible for sound and prudent governance and management of the Group's activities as a mutual entity. Its actions drive, support and reflect the culture which management aims to instil throughout Australian Unity's operating entities.

3. Board composition and capabilities

Composition

- 3.1 The minimum and maximum number of directors is outlined in the Company's constitution, unless resolved otherwise at a general meeting.
- 3.2 The board will be comprised of a majority of directors who are non-executive, and considered by the board to be independent, based on the test set out in paragraph 4. A majority of the directors on the board will be ordinarily resident in Australia.
- 3.3 The board may resolve to appoint a director if it is considered desirable to do so in the interests of the Company. The board may also appoint a director to fill a casual vacancy. Board appointed directors must stand for election at the next annual general meeting following their appointment.
- 3.4 Non-executive directors will be appointed under a letter of appointment.

Capabilities

- 3.5 The board must ensure that its directors collectively have the full range of skills required for the effective and prudent operation of the Company, and that each director has skills that allows them to make an effective contribution to the board and its deliberation and processes. The board must also ensure that directors collectively have the necessary skills, knowledge and experience to understand the Company's risks, including its legal and prudential obligations, and to ensure that

the Company is managed in a manner taking into account those risks.

- 3.6 The personal qualities for directors also include the ability to appropriately identify and manage potential, perceived and actual conflicts of interest. Directors must comply with the Group's internal policies, procedures and frameworks relating to conflict management when making such assessments.
- 3.7 All directors must be "fit and proper" under the constitution and laws and regulatory requirements applicable to directors of the Company and its related entities and are subject to the Group Fit and Proper Policy.
- 3.8 The board, led by the Chair, will regularly review the skills represented by the directors on the board to ensure that the mix of skills remains appropriate to achieve the Company's objectives. The board will be made up of directors with a broad range of skills, expertise and experience and from a diverse range of backgrounds, including gender.
- 3.9 Directors must maintain knowledge and skills appropriate to their role, including any professional registration requirements and completing relevant continuing professional development. They should participate in induction or orientation programs, and any continuing education, training or professional development needed to perform their role effectively.

4. Independence

- 4.1 The board regularly reviews the independence of each non-executive director in light of information relevant to this assessment as disclosed by each non-executive director to the board.
- 4.2 A director will be considered to be independent if they are free of any interest, position or relationship that might influence, or reasonably be perceived to influence in a material respect, their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the Company as a whole rather than in the interests of an individual security holder or other party.
- 4.3 Without limiting the board's discretion, the board has adopted the following guidelines to assist it in considering the independence of directors. In general, a director will not be considered to be 'independent' if they are:
 - a) a substantial shareholder of the Group or an officer of, or otherwise associated with, a substantial shareholder of the Group;
 - b) employed or have been employed, in an executive capacity by the Group and there has not been a period of at least three years between ceasing such employment and serving on the board;
 - c) receiving performance-based remuneration from, or participating in an employee incentive scheme of, the Group;
 - d) in a material business relationship (e.g. as a supplier, professional advisor, consultant or customer) with the Group or have been within the last three years, or are an officer of or otherwise associated with someone with such a relationship. A material supplier, consultant, adviser or customer is one which supplies more than 5 percent of the value of the Group's total purchases or contributes 5 percent of the value of the Group's total sales; or where more than 35 percent of that supplier's sales, consultant's or adviser's revenue or customer's purchases are to or from the Group;
 - e) holding close personal ties with any person who falls within any of the

categories described above; or

- f) have been a director of the Company for such a period that their independence from management and substantial holders may have been compromised.

The board may determine a director is independent based on the general test in paragraph 4.2, notwithstanding the existence of one of these factors.

5. Chair

- 5.1 The board annually appoints the Chair after the Annual General Meeting. The Chair must be an independent non-executive director.
- 5.2 The Chair is responsible for the efficient conduct of the board's meetings. The Chair will facilitate the work of the board at its meetings and ensure that the procedures and standards of the board are observed.
- 5.3 The Chair will set the agenda for each board meeting in consultation with the Group Managing Director and the Company Secretary. Any director may request that an item be added to the agenda.
- 5.4 The Chair (or the board's delegate) will represent the board to members and other stakeholders.

6. Deputy Chair

- 5.5 The board annually appoints the Deputy Chair after the Annual General Meeting. The Deputy Chair must be an independent non-executive director.
- 5.6 The Deputy Chair is a supportive role to the Chair. The Deputy Chair's primary functions are to provide support to the Chair and to act as Chair in their absence or when they are unable to act.
- 5.7 The Deputy Chair is also a point of contact for directors who wish to discuss matters on a sounding basis before raising them with the Chair or matters regarding the performance or other issues involving the Chair.
- 5.8 The Deputy Chair (or the board's delegate) may represent the board to members and other stakeholders.
- 5.9 Other than as described above, the Deputy Chair has no additional power or authority above that of any other director. The exception to this is the specific responsibilities and delegations of the Chair which are assumed by or granted to (as the case may be) the Deputy Chair when acting in the role of Chair in the circumstances referred to above.

7. Company secretary

- 6.1 The Company Secretary is accountable to the board, through the Chair, for matters relating to the proper functioning of the board. All directors will have direct access to the Company Secretary.
- 6.2 The Company Secretary will advise the Chair and the board on all matters of governance and will diligently inform the board of material matters not otherwise brought to the attention of the board.
- 6.3 The Company Secretary will retain independent advisory services at the request of the board or its committees.

8. Committees of the board

- 7.1 The board will establish such committees as are necessary to assist it in monitoring, and where relevant advising, the management of the Group and maintaining appropriate standards. The standing committees of the board are: the Audit Committee, the Risk and Compliance Committee, the People, Culture and Remuneration Committee and the Investment Committee.
- 7.2 Each committee will have a written charter setting out its role, responsibilities, composition and procedures.
- 7.3 Each committee will be composed of the individual directors determined by the board to be best suited to fulfil the committee's terms of reference. The Chair will be a member of each committee but will not be appointed as Chair of a committee. The board may approve the appointment of other appointees to a committee.
- 7.4 The Chair of each committee will be a non-executive director appointed by the board.
- 7.5 The committees will have access to sufficient resources to carry out their terms of reference effectively.
- 7.6 The Chair of each committee will regularly report to the board about the activities of the committee. The minutes of each committee will be provided to the following board meeting.

9. Meetings

- 8.1 The board will establish an annual schedule of board and committee meetings and other activities. Additional special meetings may be convened as required.
- 8.2 A majority of directors present and eligible to vote at all board meetings must be non-executive directors.
- 8.3 Non-executive directors will periodically meet alone without executive directors or management present. Relevant non-executive directors will also periodically meet independently with the external auditors.
- 8.4 Where it is not possible to convene a meeting and there is urgent business requiring a decision, resolutions may be circulated electronically for approval. Resolutions shall be unanimous (excluding abstentions or directors ineligible to vote or who are uncontactable). Resolutions not unanimously agreed will be considered by the board at the next suitable meeting.

10. Conduct

- 9.1 Each director will observe the Group's values in all dealings with and on behalf of the Group.
- 9.2 Directors will, in addition to their standing notices, declare any specific conflicts of interest arising from the business of a particular meeting. Any conflicts declared will be recorded in the minutes of the meeting.
- 9.3 The Chair or in the case of the Chair, the Chair of the Risk and Compliance Committee, will recommend to the board whether any action is required in response to a director's conflict of interest and what specific action is required, such as the conflicted director abstaining from voting, absenting him or herself from the meeting or being excluded from further information and deliberations on the matter or the subject matter giving rise to the conflict of interest being referred to a committee of the board that does not include the conflicted director. The

board will then determine its position. The conflicted director should respect the board's determination.

- 9.4 Each director will use reasonable endeavours to attend board meetings in person. Arrangements may be made for attendance by telephone or other electronic means in special circumstances. Directors who are unable to attend board meetings should request the Chair's approval for a leave of absence from the board.
- 9.5 Each director will use their range of skills, knowledge and experience in the best interests of the Company and its members as a whole. This includes supporting the ongoing development of leadership capabilities across the senior executive team and senior managers.
- 9.6 Directors will maintain strict confidentiality in respect of all matters considered by the board.

11. Support

- 10.1 Directors may, with the consent of the Chair and the assistance of the Company Secretary, seek independent professional advice at the expense of the Group on any matter connected with the discharge of their responsibilities. A copy of any such advice will be made available to the Company Secretary, who may distribute it to all directors.

12. Remuneration

- 11.1 The board will determine the remuneration of directors within any maximum annual last sum approved at a general meeting.
- 11.2 Directors may not receive any financial benefit from their position, other than the remuneration approved by the board. This does not prohibit directors from entitlement to Australian Unity member or general employee benefits that are received on an arm's length basis.

13. Access and indemnity

- 12.1 Directors are entitled to full and free access to Company books.
- 12.2 Directors will have full and free access to the Group Managing Director, the Company Secretary and the Chief Financial Officer. Directors seeking access to other senior executives, management and employees of the Group should first consult with the Group Managing Director. However, the Chair of a board committee may contact relevant executives about the meetings and business of the committee.
- 12.3 Directors are indemnified by the Company to the extent permitted by law in accordance with the Company's constitution and will have the benefit of appropriate directors' and officers' insurance cover at the expense of the Company.

14. Board renewal and Board evaluation

The Board has delegated to the People, Culture and Remuneration Committee to develop, implement, comply with and continually review and improve, a Board Renewal and Board Performance Policy framework.

15. Board duties and powers

The board has reserved the following responsibilities and accountabilities:

Strategy, budgets, operations and capital management

- a) defining the Company's purpose and setting the Group's strategy, strategic objectives and values;
- b) monitoring corporate performance and management's implementation of the Group's strategy and promotion of the Group's values;
- c) approving the Group's annual budget and operating plans and each platform's strategies and annual operating plans, including capital and operating budgets;
- d) approving major capital expenditure not contemplated by the annual budget, acquisitions and divestitures;
- e) overseeing capital management, including approving dividend payments;
- f) approving delegations of authority and any aspects outside existing delegations to management, including financial expenditures and allocations and changes to the Group's capital structure above the Group Managing Director's delegated limits;
- g) approving the establishment of new subsidiaries, appointment of subsidiary board members and establishment of major new products or businesses not contemplated by annual operating plans;

Management and remuneration

- h) appointing the Group Managing Director, including determining the terms of appointment, setting objectives, evaluating performance and remuneration payable and any termination of the incumbent;
- i) approving the appointment and removal of senior executives reporting to the Group Managing Director, including the Company Secretary;
- j) approving Group remuneration policies and frameworks, senior executive remuneration terms and outcomes, senior executive performance metrics and incentive schemes and succession planning;

Risk management

- k) setting and approving the Group's risk appetite statement within which it expects management and the Group to operate and approving the risk management strategy (RMS);
- l) setting, reviewing & monitoring the Group enterprise risk management framework (ERMF), internal control and accountability policies and systems, including:
 - i. satisfying itself that the ERMF is appropriate for managing the Group's exposure to material financial and non-financial risks; and
 - ii. reviewing the Company's ERMF at least annually to satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board;
- m) monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- n) making an annual risk management declaration to APRA;

Financial

- o) approving adoption of annual Group financial reports, annual report and any other reports required by law or regulation to be approved by the board;
- p) approving any profit or other forecasts or guidance to be made publicly available by the Company;

Corporate governance

- q) appointing the Chair and Deputy Chair of the Board;
- r) approving policies in accordance with the Committee & Policy Governance Policy and other policies and frameworks required by law;
- s) reviewing information regarding material breaches of the Group's Code of Conduct and Anti-Bribery Fraud and Corruption Policy and reports of material incidents under the Company's Whistleblower Protection Policy;
- t) monitoring the effectiveness of the Group's governance practices;
- u) overseeing the Group's processes for making timely and balanced disclosure of material price sensitive information;

Diversity

- v) setting measurable objectives for achieving gender diversity in the composition of the board, senior executives and workforce generally; and

Other

- w) demonstrating leadership in the development, implementation and monitoring of the Group's strategic operational and financial objectives;
- x) any other matters that, in the opinion of the board, are necessary from time to time to maintain a high standard of corporate governance.

16. The board and risk culture

The board will, with the assistance of the Risk and Compliance Committee, Audit Committee and the People, Culture and Remuneration Committee (as appropriate), ensure that:

- a) it forms a view of the risk culture in the Group, and the extent to which that culture supports the Group's ability to operate consistently within its risk appetite, identify any desirable changes to the risk culture and ensures the Group takes steps to address those changes;
- b) senior management of the Group monitor and manage all material risks (including financial and non-financial risks) consistent with the strategic objectives, risk appetite statement and policies approved by the Board;
- c) the operational structure of the Group facilitates effective risk management;
- d) policies and processes are developed for risk-taking that are consistent with the RMS and the established risk appetite;
- e) sufficient resources are dedicated to risk management;
- f) it recognises uncertainties, limitations and assumptions attached to the measurement of each material risk; and
- g) management remuneration structures appropriately incentivise management to manage risk and promote a positive risk culture within

the Group.

17. Delegation to group managing director and management

- 17.1 While the board retains ultimate responsibility for the strategy and performance of the Company, and subject to this Charter (including section 17), the board otherwise delegates to the Group Managing Director authority to manage and control the business and affairs of the Group to achieve the strategic and operating plans approved by the board and to take all actions that further the Company's objectives.
- 17.2 The day-to-day operation of the Company will be conducted by, or under the supervision of, the Group Managing Director as directed by the board.

18. Accountability of group managing director and management

- 18.1 The Group Managing Director is accountable to the board for the performance of the Group and the exercise of delegated authority.
- 18.2 The board is responsible for satisfying itself that the board reporting framework is appropriate.
- 18.3 Management must supply the board with information in a form, timeframe and quality that will enable the board to discharge its duties effectively.
- 18.4 Directors are entitled to request additional information at any time when they consider it appropriate.
- 18.5 The board will regularly monitor the performance of the Group Managing Director and senior management team and where required, the board will provide feedback to and challenge the Group Managing Director and management.
- 18.6 The Group Managing Director will ensure that the Group has a process for the development and succession of senior management, including the Group Managing Director.

19. Reward and evaluation of group managing director

- 19.1 The board will ensure that the remuneration framework for the Group (including the Group Managing Director) is aligned to achievement of strategic and operating plans and other criteria determined by the board, as well as the Group's purpose, values and risk appetite and outcomes.
- 19.2 The board will ensure that the performance requirements of the Group Managing Director and senior executives are based on transparent and documented criteria.
- 19.3 The People, Culture and Remuneration Committee will lead an annual formal evaluation of the Group Managing Director's performance and performance evaluations of senior executives and their compensation levels. The committee will make a recommendation to the board regarding the same.

20. Overriding responsibilities of the Group Managing Director

- 20.1 The Group Managing Director will operate within delegated financial and other authority limits set by the board consistent with the effective day-to-day management of the Group's businesses and activities.
- 20.2 In special circumstances that preclude timely consultation with the Chair or the board, the Group Managing Director must reasonably act to protect the interests of the Group from damage, even if there is an absence or conflict of delegated authority. Any such actions must be immediately notified to the board.

21. Review of this charter

21.1 This Charter will reviewed on an annual basis.

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