



AUSTRALIAN UNITY LIMITED

BOARD CHARTER

1. OBJECTIVES

The objective of this mutual company is to create community value by providing high-trust services and products to members and customers in three core areas of social infrastructure: health and home services; investments, financial and trustee services; and aged care and retirement communities.

The company has a number of wholly-owned subsidiaries carrying out the major operational business activities of the Australian Unity Group (the group).

The profitability of the group creates the capital necessary to operate and grow the group and deliver service to and value for members. Profitability guards the group's long-term future for the benefit of members. It also enables contributions to selected community endeavours consistent with the group's heritage and vision.

2. ROLES AND RESPONSIBILITY OF BOARD

The role of the board, as guardian of Australian Unity Limited, is to set strategic objectives to ethically and responsibly develop and sustain its 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 and protect members' interests.

It is responsible for sound governance of the group's activities as a mutual company. The board is responsible for utilising its collective skills and experience to make high quality decisions based on thorough consideration of strategic risks and opportunities. Its actions support and reflect the culture which management instils throughout Australian Unity's operating entities.

3. BOARD COMPOSITION AND CAPABILITIES

Composition

- 3.1 The board determines the number of directors, within the limits set by the constitution.
- 3.2 Each director (other than the Group Managing Director) is subject to election for a three year term in accordance with the constitution. Non-executive directors will generally serve no more than three terms, in addition to any period served by appointment under 3.3. In exceptional circumstances where the board wishes a director's tenure to extend beyond three terms the board will review the ongoing tenure of such director on an annual basis.
- 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 submit to election at the next annual general meeting.
- 3.4 The board will have a majority of directors who are non-executive and judged by the board to

be independent.

- 3.5 Non-executive directors will be appointed by a letter of appointment.

Capabilities

- 3.6 The personal qualities for directors are: honesty and integrity; strategic insight; capacity to relevantly question, probe and challenge; ability to inspire and inform; and a commitment to both the values of the group and the highest standards of corporate governance.
- 3.7 The personal qualities for directors also include the ability to appropriately identify and manage potential, perceived and actual conflicts of interest.
- 3.8 Each director must possess particular skills or experience relevant to the business operations of the group and/or as required by law. These may include specific skills, knowledge and experience in the group's three core areas of social infrastructure interests; as well as an understanding of contemporary leadership and management strategies; and general skills, knowledge and experience in management, legal, financial, accounting, actuarial, regulatory, human resources, marketing and communication, and measured risk-taking; and extensive connectivity within the business world.
- 3.9 All directors must be "fit and proper" under the constitution and all laws and regulatory requirements applicable to directors of the company or its related entities and are subject to the group Fit and Proper Policy.
- 3.10 The board, led by the Chair, will review the skills represented by the directors on the board from time to time 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.
- 3.11 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 arranged for them.

4. INDEPENDENCE

- 4.1 The board has adopted the following definition of Independence:

An independent director is a non-executive director who:

- a) is not a substantial shareholder of the group or an officer of, or otherwise associated with, a substantial shareholder of the group;
- b) within the last three years has been neither: employed in an executive capacity by the group; or a director after ceasing to hold any such employment;
- c) within the last three years has not been a principal or senior employee of a material professional adviser or a consultant to the group, materially associated with the service provided;
- d) is not a material supplier or customer of the group, or an officer of or otherwise associated with a material supplier or customer. A material supplier or customer is one which supplies more than 5% of the value of the group's total purchases or contributes 5% of the value of the group's total sales; or where more than 35% of that supplier's sales or customer's purchases are to or from the group;
- e) has no material contractual relationship with the group other than as a director of the group;

- f) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the group.
- 4.2 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.

5. CHAIR

- 5.1 The board annually elects the Chair after the Annual General Meeting. The Chair must be an independent non-executive director.
- 5.2 The Chair (subject to the board's right to overrule) may nominate an independent non-executive director to act as his or her representative in the event that the Chair is temporarily unavailable to fulfil his or her duties.
- 5.3 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.
- 5.4 The Chair will set the agenda for each board meeting in consultation with the Group Managing Director and the General Counsel/Company Secretary. Any director may request that an item be added to the agenda.
- 5.5 The Chair has the authority to act and speak for the board between meetings, including engaging with the Group Managing Director. The Chair will report to directors on material actions taken between meetings, as appropriate.
- 5.6 In addition to leadership of the board, the Chair's role will include mentoring the Group Managing Director.
- 5.7 The Chair (or the board's delegate) will represent the board to members.

6. GENERAL COUNSEL/COMPANY SECRETARY

- 6.1 The General Counsel/Company Secretary is accountable to the board, as well as to the Group Managing Director.
- 6.2 The General Counsel/Company Secretary will advise the Chair and the board on all matters of governance and will diligently inform the board of matters not otherwise brought to the attention of the board.
- 6.3 The General Counsel/Company Secretary will retain independent advisory services at the request of the board or its committees.

7. 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 Investments Committee as amended by the board from time to time.
- 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 external 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, even if those minutes have not yet been confirmed by the committee Chair.

8. MEETINGS

- 8.1 The board will establish an annual program of board and committee meetings and other activities. Additional special meetings may be convened as required.
- 8.2 The agenda and supporting papers for each meeting should generally be distributed to directors at least 5 working days before the meeting.
- 8.3 Minutes will be kept of all board and committee meetings. Draft minutes will generally be circulated prior to and confirmed at the next meeting of the board or committee.
- 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). Any director may abstain from voting. Any director who does not respond within 24 hours to a request for urgent approval shall be deemed to have abstained. Resolutions not unanimously agreed will be considered by the board at the next suitable meeting.

9. 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 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 leave of absence from the board.
- 9.5 Each director will use his or her range of skills, knowledge and experience in the best interests of the company and its members. This includes supporting the ongoing development of leadership capabilities across the senior executive team and senior managers.
- 9.6 Each director commits to a collective decision-making process. Directors will debate issues openly and constructively and be free to express their individual judgments and perspectives.

Directors will, however, respect the contributions of other directors and strive to appreciate differing points of view. Once a decision is made, directors are bound by the decision and should refrain from expressing public dissent.

- 9.7 Directors will maintain strict confidentiality in respect of all matters considered by the board.
- 9.8 Directors should raise any issues they may have about the management of the group's businesses with the Chair. The Chair may liaise with the Group Managing Director to resolve any concerns brought to his attention by Directors. If the issue is not resolved, directors may request the issue be placed on the agenda of the next meeting of the board.

10. SUPPORT

- 10.1 Directors may, with the consent of the Chair and the assistance of the General Counsel/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 General Counsel/Company Secretary, who may distribute it to all directors.

11. REMUNERATION

- 11.1 The board will determine the remuneration of directors within any maximum approved by the annual 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.

12. 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 General Counsel/Company Secretary and the Chief Financial Officer. Directors seeking access to other senior executives, management and employees of the group should seek the prior approval of 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.

13. BOARD EVALUATION

- 13.1 The board will annually conduct performance assessment of the board as a whole, and over a three year cycle, the Chair and individual directors, its committees and its governance process.
- 13.2 The board will assess its processes, responsibilities and performance, taking into account this Charter. It will determine appropriate disclosure of its review of performance and record any actions to be implemented. The board may seek input from other stakeholders, including senior executives and management, in conducting its evaluation.

14. BOARD RENEWAL POLICY

- 14.1 The board will, with the assistance of the HR, Remuneration and Nominations Committee,

regularly (not less than annually) consider board renewal, including the identification of suitable candidates for appointment to the board, as required to:

- (a) supplement, add to or renew the skills and experience of the board;
- (b) ensure it remains open to new ideas and independent thinking;
- (c) ensure it complies with applicable law and standards; and
- (d) ensure it retains the necessary collective corporate knowledge and experience of the company's activities to appropriately govern and manage its business and its risks.

14.2 In considering board renewal the board shall take a holistic and multi-year view, and will:

- (a) assess the collective skills of the directors on the board and determine whether the board, as a whole, has the skills required to competently discharge its duties;
- (b) give consideration to the length of time a director has served on the board and whether this could affect his or her ability to perform his or her duties; and
- (c) undertake a process of review of the performance of any non-executive director who is retiring and re-standing for election and in so doing will conduct that review by whatever means it considers appropriate.

15. BOARD DUTIES AND POWERS

15.1 The board has reserved the following matters for its decision:

- a) appointment of the Group Managing Director, including the terms of appointment, setting objectives, evaluating performance and remuneration payable and any termination of the incumbent;
- b) setting & monitoring the group risk management framework, control and accountability policies and systems;
- c) setting the risk appetite within which it expects management and the group to operate;

and approval of:

- d) senior executive positions reporting to the Group Managing Director;
- e) remuneration policies, senior executive remuneration and incentive schemes and succession planning;
- f) new subsidiaries and board members;
- g) major banking relationships;
- h) group and business strategies;
- i) group and business unit annual operating plans, including capital and operating budgets and the overall salaries and benefits budget;
- j) major new products or businesses not contemplated by annual operating plans;
- k) delegated authorities;
- l) financial expenditures and allocations and changes to the group's capital structure above the Group Managing Director's delegated limits;
- m) adoption of annual group accounts and annual report;
- n) the group's risk appetite statement and risk management strategy (RMS);

- o) policies in accordance with the Group Policy – Approval of Charters, Frameworks and Policies;
- p) matters reserved to the board committees by their terms of reference; and
- q) 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 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

17.1 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, subject to the overriding CEO responsibilities.

18. ACCOUNTABILITY OF GROUP MANAGING DIRECTOR

- 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 Group Managing Director will report systematically in a spirit of openness and trust on the progress being made by the group's businesses toward their strategic and operating plans, operating results against budgets and KPIs, material issues relating to or impacting on the culture of the group and the performance of senior executives.
- 18.3 The Group Managing Director will establish appropriate formats and systems of reporting to address material developments in the business and financial performance

of the group and meet board requirements. The Group Managing Director, together with the General Counsel/Company Secretary and the Chief Financial Officer, will facilitate the operation of systems to produce and deliver the reports.

- 18.4 The Group Managing Director will facilitate the attendance of senior executives at board meetings to provide regular dialogue between the board and senior executives and to assist the board in gaining a sound understanding of the group's businesses and of the executives.
- 18.5 The Group Managing Director will keep the board informed in writing of decisions and actions that the Group Managing Director reasonably interprets to warrant reporting outside the normal reporting cycle, including any communications with regulators if judged to be sufficiently important.

19. REWARD AND EVALUATION OF GROUP MANAGING DIRECTOR

- 19.1 The board will ensure that the structure of remuneration arrangements for the group (including the Group Managing Director) is linked to achievement of strategic and operating plans and other criteria determined by the board.
- 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 GROUP MANAGING DIRECTOR

- 20.1 The Group Managing Director's decisions and actions will be guided by the achievement of the company's objectives and its strategic and operating plans within the spirit of the law and the group's values.
- 20.2 The Group Managing Director will not engage in or countenance activity and behaviour in violation of commonly accepted business practice and ethics.
- 20.3 The Group Managing Director will inculcate and support the group's values and will not allow the culture of the group to condone dishonesty, lack of integrity or lack of respect in relationships affecting the group's activities.
- 20.4 The Group Managing Director will not allow decisions or actions to be taken without assessing:
- the impact on the financial condition of the group;
 - the health, safety and environmental consequences for the group and its entities;
 - the effect on the reputation of the group; and
 - the impact on achievement of the group's objectives and plans.
- 20.5 The Group Managing Director will ensure that the group operates with the following measures in place:
- a system of control for identifying and managing material risks to the achievement of

the group's objectives and plans, including a dedicated internal audit function that operates effectively;

- a framework for meeting the group's regulatory obligations; and
- a process for the development and succession of senior management, including the Group Managing Director.

20.6 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.

20.7 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 and the charter for each board committee shall be reviewed on an annual basis.

Policy Owner	Group Governance Services
Effective Date	1 May 2018
Superseded Document	27 July 2016