

Responsible Investment Policy

1. Background

As an investor in Australian and international investment markets and as a fiduciary acting in the best interests of its insurance policy holders and shareholders, Medibank Private Limited (“MPL”) believes in promoting responsible business practices among companies and entities within its investment portfolios (whether internally or externally managed).

MPL believes that environmental, social and corporate governance (ESG) factors have the potential to impact investment returns across companies, sectors, regions and asset classes over time. As such, MPL is committed to a means of ensuring that its investment portfolio’s returns are sustainable and that MPL proactively encourages improved practices in this area.

2. Purpose

The MPL investment portfolio objective is to achieve the best long term financial outcomes for its shareholders and members, subject to maintaining risk at an acceptable level and upholding high standards of Environmental, Social and Governance and investment stewardship practice.

The purpose of this Responsible Investment (“RI”) Policy is to provide guidance on how MPL wishes these issues to be considered in managing MPL’s assets.

3. Definition

MPL defines responsible investment as the integration of ESG factors and stewardship practices into investment management processes and ownership practices in the belief that:

- (a) these factors can have an impact on financial performance and long-term sustainability; and
- (b) It is the right thing to do and accords with MPL’s values.

ESG risks and opportunities include issues such as the environmental implications of climate change, the social impacts of health and safety and the corporate governance implications of appropriate remuneration structures to better protect and enhance the long-term value of MPL’s investments.

4. Policy – Internal and externally Managed Investments

MPL expects companies, entities and funds in which it invests to demonstrate a commitment to the consideration and management of ESG (including Modern Slavery) risks and opportunities.

MPL will ensure that:

- (a) regarding internally managed investments, ESG risks and opportunities will be considered as part of any investment decision (both initial and ongoing);
- (b) regarding externally managed investments, that they:
 - (i) are informed about MPL’s expectations as detailed in this policy.
 - (ii) acknowledge Medibank’s RI policy (this policy); and
 - (iii) report to Medibank on an appropriate basis on how they integrate ESG, stewardship and climate change considerations in their approach.
- (c) in all other instances, consultants and other relevant service providers / advisers are informed as is appropriate about MPL’s expectations as detailed in this policy.

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5. Commitments

a. Reductions

Carbon

As a health services company, Medibank recognises the science of climate change and its impacts on human health. As a result, environmental considerations including the UNPRI signatory status of our asset managers are incorporated in our decision making for our investment portfolio. We are committed to playing our part in the transition to a low-carbon economy, actively shifting to a low-carbon investment portfolio across both our domestic and international equity investments. We will achieve this by ensuring that climate change risks are considered by our investment managers within our internally managed investments and factored into Medibank's investment strategy. We will continue to invest in green bonds that fund projects with positive environmental benefits.

b. Exclusions

An integration-based approach to stewardship is likely to lead to better investment outcomes over time than an exclusion-based approach. However, in certain limited circumstances there may be companies or sectors which MPL considers to be unsustainable or in conflict with its core purpose and values, and where engagement is not likely to be effective in resolving these issues. However, exclusions should be seen as a last resort because once excluded MPL will no longer be able to exert its influence as a responsible investor on those companies or that sector.

Tobacco

MPL does not invest in tobacco manufacturing companies. Tobacco manufacturing companies are defined as those for whom the manufacture of tobacco products (including vaping) is a core business operation (greater than 10% of revenue).

6. Governance

MPL believes that a robust governance process for RI upholds accountability and therefore enhances the effectiveness of the Policy. Governance also extends to oversight of those RI activities outsourced to and expected of external managers.

MPL acknowledges that responsible investment is an evolving area and the approach to responsible investing and ESG issues as well as the implementation of that approach needs to be monitored. The oversight of external managers includes ESG (including continued commitment to this RI Policy and preventing Modern Slavery) into MPL's annual review of performance by its investment advisors.

This Policy will be reviewed at least biannually by the Board to ensure it remains appropriate.

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7. Roles and Responsibilities

Role	Responsibilities
MPL Treasury & Investments Team	<ul style="list-style-type: none"> Ensure requirements of this policy are met for <u>internally managed investments</u> (i.e. securities directly transacted by the MPL Treasury & Investment Team). Oversight of the Investment Consultant's responsibilities in relation to <u>externally managed investments</u> (i.e. specialist asset classes accessed via commingled investment funds or investment mandates managed by external investment managers).
Investment Consultant (JANA)	<ul style="list-style-type: none"> Regarding <u>externally managed investments</u>, ensure all external investment managers: <ul style="list-style-type: none"> Are informed about MPL's expectations as detailed in this policy. Acknowledge MPL's RI policy. Report to MPL on an appropriate basis on how they integrate ESG, stewardship and climate change considerations in their approach. Are assessed at least annually with a rating of "Leader" or "Above Average" based on JANA's ESG rating system. Managers that are downgraded below this band will have their role in the portfolio reviewed at the next annual review / Strategic Asset Allocation (SAA) process.
MPL DISC (Diversity, Inclusion, Sustainability, and Community)	<ul style="list-style-type: none"> To provide feedback to the MPL Treasury & Investments Team on policy updates to ensure this policy is aligned with the broader MPL sustainability framework. This includes annual sustainability reporting requirements and enterprise level policies (e.g. MPL environmental policy).
ESG data provider (MSCI)	<ul style="list-style-type: none"> To provide market standard ESG data and metrics to be applied by the MPL Treasury and Investments Team, specifically: <ul style="list-style-type: none"> MSCI ESG Ratings – Corporate Fixed Income MSCI ESG Ratings - Equities

8. Policy Breaches`

All policy breaches must be:

- Notified to the policy owner, CFO, immediately upon Medibank being aware of the breach, regardless of materiality, and to the Investment and Capital Committee at the next scheduled meeting.
- Where the CFO believes the breach is material, the CEO and Investment and Capital Committee are also to be notified immediately.
- A remediation plan must be prepared, and delivered to the CFO (and, if material, also to the CEO and I&CC) within 30 business days of Medibank being aware of the breach.