



## Voting Intentions – Medibank Private 2021 AGM

ASX Code	MPL
Meeting Time/Date	10:30am, 18 November 2021
Type of Meeting	Virtual by Lumi
Monitor	Peter Aird with Katja Bizilj
Pre-AGM Meeting?	Yes, with Chair Mike Wilkins & Colette Campbell (Investor Relations)

### Proposed Voting Summary

2	Re-election of Gerard Dalbosco as a Director	For
3	Adoption of Remuneration Report	For
4	Approval of LTI grant to CEO/Managing Director First Name Surname	For

### Key Financials

	2021	2020	2019	2018	2017
Statutory NPAT (\$m)	441.2	315.0	458.7	445.1	449.5
Underlying NPAT (\$m) [a]	398.7	366.7	447.9	436.4	418.7
Statutory EPS (cents)	16.0	11.4	16.7	16.2	16.3
Dividend per Share (cents)	12.7	12.0	13.1	12.7	12.0
Share Price at End of FY (\$)	3.16	2.99	3.49	2.92	2.80
Statutory CEO Remuneration (\$)	4.6 [b]	2.3	4.1	3.7	2.8
Total Shareholder Return (%)	9.9	-10.9	24.0	8.1	-1.0

Statutory NPAT and EPS are the audited figure from the financial accounts. \*Total Shareholder Return is calculated as the share price change over the year plus the dividend declared during the year, divided by the share price at end of previous year. This may differ from the figure quoted by the company.

[a] Underlying NPAT adjusted to normalise growth asset returns to historical long-term expectations and credit spread movements.

[b] CEO Remuneration is for Mr Drummond who retired at the end of FY2021.

### Summary of Historical ASA Issues with the Company

The ASA has had no significant issues with Medibank Private in recent years.

## Review of Board on Governance, Transparency, Fairness to Retail Shareholders

### Positives

- The Board has an independent Non-Executive Chair and majority of independent directors.
- The Board has at least 30% female and at least 30% male directors with diversity of geography and age.
- Directors and other KMP have/are investing at least one year's worth of base cash fees (after tax) in company shares, within 5 years.
- The company meaningfully discloses ESG issues or risks facing the business and the processes to manage them.
- A performance review of the Board, its committees and directors is undertaken annually. In 2021 an independent external review was undertaken.

### Areas for Improvement

Whilst the company discloses collective skills of the board, there is no matrix connecting individual Directors to skills. The Chair continues to defend their approach noting the potential for disharmony when rating skills.

### Summary

The company is well governed and transparent, although its Board is going through a significant change (1 NED appointed in 2021, 2 NED's retiring at the AGM, new CEO).

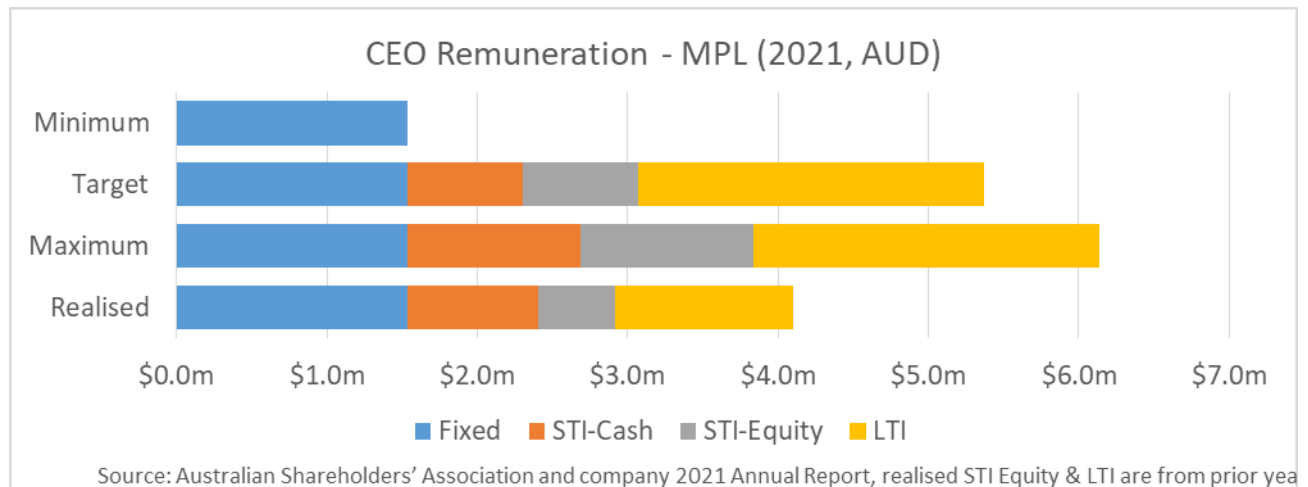
### Items for Voting

Item 2	Re-election of Gerard Dalbosco as a Director
ASA Vote	For

Gerard Dalbosco was appointed to the Board in May 2021 and in accordance with Medibank constitution offers himself for election at this AGM. With qualifications in economics and finance, he has held a range of positions with EY, most recently as Melbourne Managing Partner. He also sits on a number of charity boards (Melbourne Archdiocese Catholic Schools, Committee of Melbourne). Mr Dalbosco has been appointed to Medibank's Audit and Risk management committees.

With his qualifications and experience, his re-election can be supported.

Item 3	Adoption of Remuneration Report
ASA Vote	For



Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.

The Realised figures are for Craig Drummond who was CEO and employed for most of FY2021.

### Positives

- CEO's actual take-home remuneration, as well as the target and maximum opportunity of each component is clearly disclosed.
- The quantum of Board fees does not reasonably exceed the Godfrey Remuneration Group report benchmarks.
- At least 50% of CEO's pay is genuinely at risk.
- Majority of STIs are based on quantifiable and disclosed performance metrics and, where non-financial hurdles are used, no STIs to be paid unless a financial gateway is met.
- At least 50% of STIs is paid in equity with a minimum 12 month holding lock.
- Clear disclosure is provided for all KMP performance hurdles and the weightings applied for each incentive.
- No retesting of performance hurdles is allowed.
- LTI hurdles are based on at least two hurdles, one of which is TSR, with no payment if absolute TSR is negative.
- Comparator groups are from the ASX 11-100 excluding mining and energy.
- No LTI awards based on comparator groups vest unless performance is >50th percentile.
- All share grants are allocated at face value not fair value.
- Share grants are satisfied by equity purchased on-market.
- Hurdles are based on underlying earnings, statutory earnings normalised for variation in investment income.
- No retention payment on any awards is subject only to continuing service.
- No termination payments exceed 12 months fixed pay.
- No full vesting in a takeover or "change of control" events.
- Overall, the Remuneration report is readable, transparent, and understandable with a logical relationship between rewards and financial performance and corporate governance.

### Areas for Improvement

- LTI hurdles are measured three years after issue.
- The total quantum of the CEO remuneration package exceeds the Godfrey Remuneration Group report benchmarks. It has not changed from 2020.

### Conclusion on Remuneration

The remuneration structure features a high at-risk component of total remuneration, paid mainly in equity with reasonable performance hurdles. The LTI performance period is shorter than ASA prefers, however, on balance, the ASA will support the remuneration report.

Item 4	Approval of LTI grant to CEO/Managing Director David Koczkar
ASA Vote	For

The value and hurdles for the 2021 LTI have not changed from 2020. Some minor adjustments have been made to the EPS and Market Share hurdles to make them more attainable.

### Monitor Shareholding

*The individual involved in the preparation of this voting intention has a shareholding in this company.*

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