

# Member Charter

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## 01. Introduction

This Charter has been adopted by the board of directors (Board) of Latrobe Health Services Limited (Latrobe) to set out the functions and responsibilities of the general members of Latrobe, and of the director members when they are acting in their capacity as members rather than directors (collectively, members).

Latrobe is a company limited by guarantee, which means that it does not have shareholders. Like all companies, Latrobe needs a group of persons to vote at general meetings of the company, and for the Board to be accountable to – these are the ‘members’. Unlike shareholders who usually have a number of votes which reflect the number of shares they hold, Latrobe’s members have one vote each at members’ meetings.

Latrobe is also a mutual, which means that it operates solely for the benefit of a group of persons: the policyholders of Latrobe, who also contribute to Latrobe’s operations by paying PHI premiums. It is not practicable for every policyholder to also be a member, and so the members provide oversight of the Board and participate in the governance of Latrobe on behalf of all policyholders of Latrobe.

In providing such oversight and guidance, the members must consider the object of Latrobe as set out in the constitution, which is:

“to promote the principle of mutual aid and co-operation, and good health, for its policyholders and the communities in which they live, through:

- (1) operating as a private health insurer conducting one or more health benefits funds under the PHI Act and the Prudential Act;
- (2) conducting health-related businesses within the meaning of the PHI Act (including by holding shares in companies which conduct health-related businesses);
- (3) combining, merging or amalgamating with, or acquiring, other companies having objects similar to those of the Company; and
- (4) other activities which support, complement or are ancillary to these activities.”

## 02. Membership Composition

Latrobe will have up to 15 members, consisting of between three and seven director members (being each of the directors on the Board at any time) and the balance being general members. The general members must not be officers or employees of Latrobe.

Each general member is appointed as a member of Latrobe for a term of three years, after which time the member's appointment shall automatically cease pursuant to the Consitution. General members are eligible for re-appointment for a further term of three years (or further terms, each of three years), at the Board's discretion and having regard to Latrobe's Membership Policy.

The composition of the membership is reviewed regularly by the Board to ensure that the members collectively represent the views and backgrounds of Latrobe's policyholders, with particular regard to promoting a membership balance that understands policyholders' needs and expectations, provides policyholders with a sense of ownership and commitment and furthers Latrobe's commitment to promoting the principle of mutual aid and cooperation and good health.

## 03. Governance Principles and Framework

The Board is responsible for ensuring the sustainable achievement of strategic and business objectives through the application of good governance principles. It has the overall responsibility for effectively developing and monitoring a Governance Framework consistent with the agreed principles.

The Board is committed to governance which will:

- create and protect value for policyholders;
- lay solid foundations for management and oversight;
- structure the Board to add value;
- act ethically and responsibly;
- safeguard integrity in corporate reporting;
- make timely and balanced disclosure;
- respect the rights of Latrobe's policyholders;
- recognise and manage risk; and
- remunerate fairly and responsibly.

Where relevant, the members must consider the Governance Framework outlined above, to ensure that they are representing the interests of policyholders and the values of Latrobe in their decision making.

## 04. Roles and responsibilities of members

The members are responsible for and have the authority to do all of the things which a member of a company can do, including from time to time considering and voting on:

- changes to Latrobe's structure or the type of company Latrobe is;
- changing Latrobe's consitution;

- appointing and/or removing external auditors;
- appointing and removing the directors;
- determining the directors' remuneration pool; and
- considering and voting on other matters as brought to Latrobe's members by the Board.

The members must also:

- attend meetings of Latrobe (including the AGM), and information briefings convened by Latrobe;
- ensure they have the skill, knowledge and expertise to fulfil their responsibilities;
- devote sufficient time and attention to Latrobe's business necessary to fulfil their responsibilities;
- provide counsel to the Board on request; and
- not engage directly with policyholders of Latrobe in the exercise of their role.

In exercising these responsibilities, the members act on behalf of Latrobe's policyholders, and have the overall responsibility of representing the interests of Latrobe's policyholders as a group in performing each of the members' roles. Each member must make any decision in the interests of Latrobe and having regard to:

- the objects of Latrobe as set out in its Constitution;
- the purpose of Latrobe, being:

"Like a friend we guide and empower our members to take control of their health episodes now and in the future."

- where relevant, the Governance Principles and Framework; and
- the short, medium and long term interests of Latrobe's policyholders.

## 05. Individual members

Each member has a moral obligation to comply with the spirit, as well as the letter of the law, the Constitution and the principles set out in the Code of Conduct (see paragraph 07).

All members are required to exercise independent judgement in decision making, and must ensure that, while decisions are made in accordance with the principles set out in this charter, a members' independence is maintained and decisions are not made in accordance with instructions from any individual or company.

Each member recognises that Latrobe is a mutual entity and operates as a not-for-profit private health insurer. On that basis, Latrobe may not pay dividends or distributions to members<sup>1</sup>, and members will not be remunerated for their service to Latrobe in their capacity as members. This acknowledgement does not prevent director members from being remunerated for their service to Latrobe as directors, or a member being remunerated on a fee for service basis for other goods or services provided to Latrobe, provided such remuneration is authorised pursuant to the Constitution and the relevant legislation.

<sup>1</sup> The Constitution provides for one specific exception to this, which relates to a category of members called 'MCI members' (MCI stands for Mutual Capital Interest). Briefly, MCIs are a type of shares which mutuals may issue in order to raise funds from third parties – this enables mutuals to raise funds through equity rather than debt, which in turn helps them to compete with for profit companies. This Charter does not apply to MCI members.

If a member:

- fails to attend or appoint a proxy for any 3 consecutive general meetings or 2 consecutive annual general meetings; or
- commits a serious breach of the Constitution, this Charter including the Code of Conduct (see paragraph 07) or any relevant legislation (as determined by the Board),

the member agrees to resign their membership upon request of the Board.

## **06. Conduct of business**

Members will meet at least once per year at Latrobe's annual general meeting. Members will also use best endeavours to attend other meetings of Latrobe's members in person, and briefing sessions convened by Latrobe that are relevant to the members' role.

The members acknowledge that the required quorum for any general meeting is one third of members, however Latrobe's, and policyholders' expectation is that members will attend all general meetings in person, or by proxy (where necessary).

Latrobe will determine the specific time, place and agenda of members' meetings, distribute agendas and supporting materials in reasonable time prior to each meeting and maintain minutes of each meeting of the members, and will distribute these minutes to the members following meetings.

As detailed in Latrobe's Constitution, the business of the annual general meeting may include the following, even if it is not specifically set out in the notice of meeting:

- the consideration of the annual financial report, directors' report and auditor's report;
- the election of directors;
- the appointment of the auditor; and
- the fixing of the auditor's remuneration.

Except as provided in the *Corporations Act 2001 (Cth)*, no member (acting in that capacity) may call a meeting of members.

## **07. Code of conduct**

As part of Latrobe's commitment to the highest standard of conduct, each member, in carrying out their duties and responsibilities as a member of Latrobe:

- must act honestly, in good faith and in the best interests of Latrobe and its policyholders as a whole;
- must display behaviour consistent with Latrobe's organisational culture and stated values;
- has a duty to Latrobe's policyholders to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- must use the powers of office for a proper purpose and in the best interests of Latrobe and its policyholders;
- must not take improper advantage of the position of member;
- must not allow personal interests, or the interests of any associated person, to conflict with the interests of Latrobe;

- has an obligation to be independent in judgement and actions;
- should not engage in conduct likely to bring discredit upon Latrobe;
- has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code; and
- must encourage the reporting and investigation of unlawful and unethical behaviour in connection with the operations of Latrobe.

## **08. Charter Review**

The Board will review this Charter on an annual basis and amend as required.