

1. Introduction

1.1 In carrying out its responsibilities and exercising its powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Company and members of ahm (the Company), as well as its employees and the community. It works to promote and maintain an environment within the Company that establishes these principles as basic guidelines for all of its employees and representatives at all times.

2. Purpose and Role

2.1 The Board is responsible for:

- (a) charting the direction, strategies and financial objectives of the Company and ensuring appropriate resources are available;
- (b) monitoring the implementation of those policies and strategies and the achievement of those financial objectives;
- (c) monitoring compliance with control and accountability systems, regulatory requirements and ethical standards;
- (d) ensuring the preparation of accurate financial reports and statements;
- (e) reporting to members and the regulator on the performance and state of the Company; and
- (f) reviewing on a regular and continuing basis:
 - i. executive succession planning (in particular the CEO); and
 - ii. executive development activities.

2.2 In performing the responsibilities set out above the Board acts at all times:

- (a) in a manner designed to create and maximise sustainable value for, and benefit to, its members; and
- (b) in accordance with the duties and obligations imposed upon them by the Company's constitution and by law.

3. Powers

3.1 In addition to matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are as follows:

- (a) appointing and removing the Chief Executive Officer and determining his or her terms and conditions of employment (including remuneration);
- (b) appointing and removing the Auditor;
- (c) reviewing and ratifying each of the following:
 - i. systems of risk management and internal control and compliance, codes of conduct and legal compliance;

- ii. financial and other reporting; and
 - iii. major capital expenditure, capital management, and acquisitions and divestitures;
- (d) any matters in excess of discretions that, from time to time, it may have delegated to the Chief Executive Officer and executive team; and
- (e) approving each of the following, on the recommendation of the Chief Executive Officer where appropriate:
- i. the strategic plan, at least annually; following a process of development by the Board, in conjunction with the executive;
 - ii. the budget, at least annually;
 - iii. the appointment and where appropriate, the removal of the Chief Financial Officer, Company Secretary, and other senior executives reporting to the Chief Executive Officer;
 - iv. the remuneration and conditions of service, including financial incentives, for the Chief Financial Officer, Company Secretary, and other senior executives reporting to the Chief Executive Officer;
 - v. significant changes to organisational structure and the appointment of such senior executives as the Board may determine;
 - vi. the acquisition, establishment, disposal or cessation of any significant business of the Company;
 - vii. any public statements which reflect significant issues of the Company policy or strategy; and
 - viii. any changes to the discretions delegated from the Board.

4. Board Membership

- 4.1 The Board comprises all independent Directors, except a Managing Director if one is appointed.
- 4.2 The Chairman is an independent non-executive Director.
- 4.3 The Constitution currently allows for the Board to be constituted by up to 7 elected Directors and up to 2 appointed Directors and a managing Director if one is appointed.

5. Independence

- 5.1 An independent Director is a non-executive Director (i.e. is not a member of management) and:
- (a) within the last three years has not been employed in an executive capacity by the Company, or been a Director of the Company within three years after ceasing to hold

employment;

- (b) within the last three years has not been a principal or material professional advisor or material consultant to the Company, or an employee materially associated with the service provided;
- (c) is not a material supplier of the Company, (other than as health fund members), or an officer of or otherwise associated directly or indirectly with a material supplier;
- (d) has no material contractual relationship with the Company other than as a Director and health fund member of the Company;
- (e) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and;
- (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 Company.

6. Meetings

- 6.1 Board and committee papers are provided to Directors, where possible, seven (7) days prior to the relevant meeting.
- 6.2 In the ordinary course, the Chairperson will convene Board meetings in accordance with the determinations of the Board; however any Director may convene a Board meeting by giving notice to the other Directors.
- 6.3 Notices for Board meetings must comply with the law.

7. Board Committees

- 7.1 The Board from time to time establishes committees to assist in carrying out its responsibilities, and adopts charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.
- 7.2 The Board has established the following committees:
 - (a) an audit and risk committee;
 - (b) a governance committee;
 - (c) a remuneration and nomination committee;
 - (d) a transaction committee; and
 - (e) the health and medical research fund committee.

8. The Chairperson

- 8.1 The Directors elect one of themselves to the office of Chairperson at the first meeting of the Board after the AGM.
- 8.2 The Chairperson presides over meetings of the Board and general meetings of members.
- 8.3 The Chairperson is responsible for leading and managing the Board in the discharge of its duties.

9. The Chief Executive Officer

- 9.1 The Chief Executive Officer's duties are to:
 - (a) devote his/her time, attention and skill to the duties of the office;
 - (b) be accountable for planning, coordinating and directing the operations of the Company to achieve strategic, financial and operating objectives as agreed with the Board;
 - (c) formulate and recommend business and financial strategies and plans to develop the Company's business and to implement these plans to achieve agreed performance targets;
 - (d) promote the interests of the Company; and
 - (e) faithfully and diligently perform the duties and exercise the powers:
 - i. consistent with the position of a Chief Executive Officer of the Company; and
 - ii. assigned by the Board.
- 9.2 In fulfilling his/her duties, the Chief Executive Officer:
 - (a) reports directly to the Board;
 - (b) provides prompt and full information to the Board regarding the conduct of the business of the Company; and
 - (c) complies with reasonable directions given by the Board.

10. The Company Secretary

- 10.1 The Company Secretary supports the effectiveness of the Board by:
 - (a) monitoring that Board policy and procedures are followed; and
 - (b) co-ordinating the completion and despatch of Board agendas and briefing papers.
- 10.2 The Company Secretary is responsible to the Board, through the Chairperson, on all governance matters.

11. Self Assessment

- 11.1 The Board undertakes an annual performance evaluation of itself that:
 - (a) compares the performance of the Board with the requirements of its charter; and
 - (b) effects any improvements to the Board charter deemed necessary or desirable.

12. Appointment

- 12.1 Letters of introduction for every appointment to the Board set out key terms and conditions relative to the appointment.

13. Term of Office

- 13.1 After first being elected to the Board, a Director retires at the end of his or her third year in office and (subject to transitional provisions reflected in the Constitution) may stand again for re-election to the Board on no more than two occasions.

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