

GMHBA IS COMMITTED TO MAINTAINING HIGH STANDARDS OF CORPORATE GOVERNANCE, AS A FOUNDATION FOR EFFECTIVE DECISION MAKING AND TO SUPPORT THE BOARD IN FULFILLING ITS OBLIGATIONS. GMHBA IS REGULATED AND GUIDED BY THE CORPORATIONS ACT, APRA PRUDENTIAL STANDARDS, ITS CONSTITUTION AND CHARTER, AND OTHER LEGISLATION, INCLUDING THE PRIVATE HEALTH INSURANCE ACT 2007.

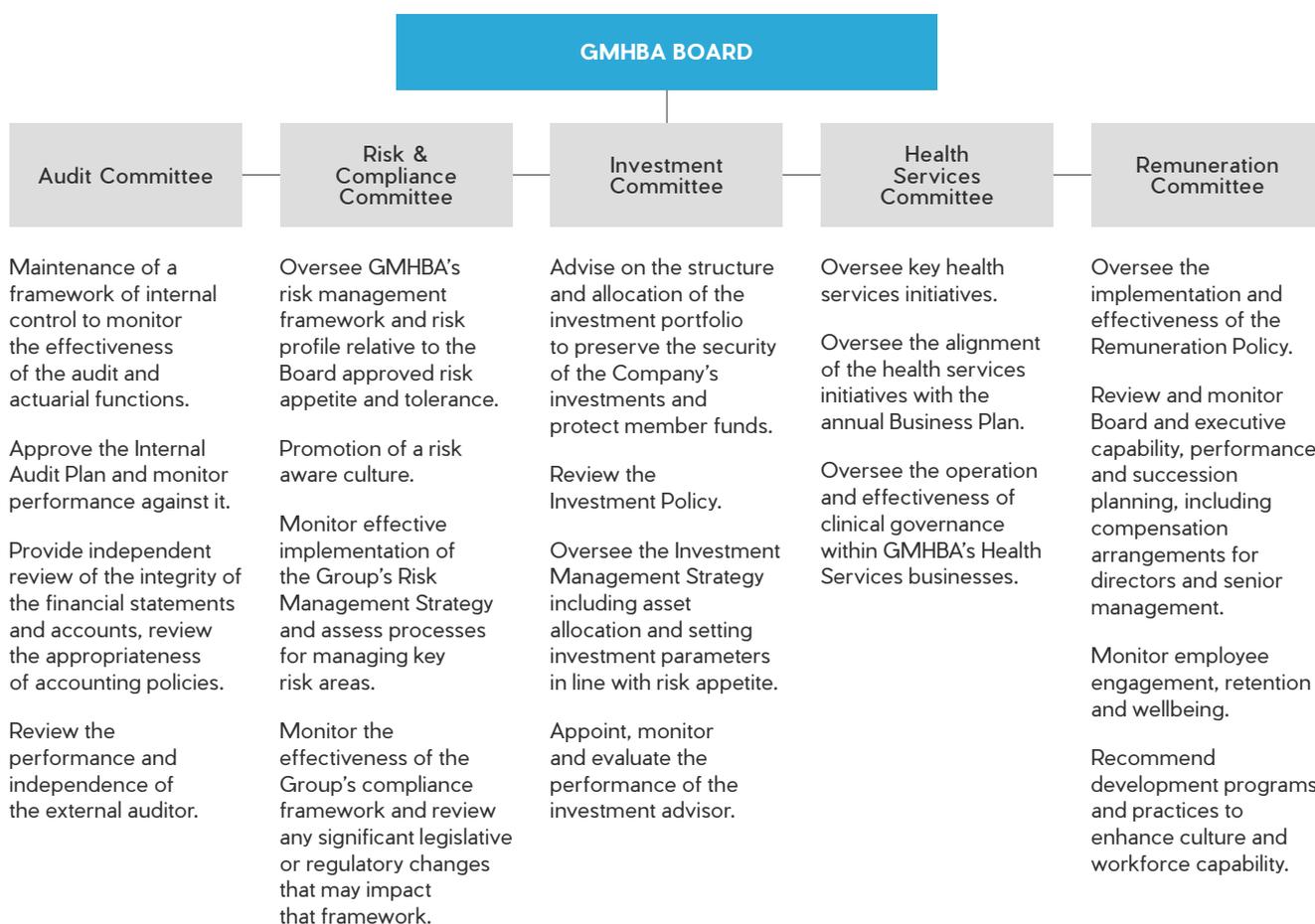
This statement provides an overview of the main corporate governance structures and practices that were in place throughout the financial year.

The role of the Board is to protect members' interests, while having regard to the interests of other stakeholders including GMHBA employees, regulators, and the local community. The Board reviews, monitors and approves a range of matters including setting and monitoring corporate strategy and plans, oversight of business performance, approving the Capital Management Plan and overseeing capital structure and investment activities, and approving risk management and compliance frameworks. The Company Secretary is accountable to the Board, through the Chairman, for all matters relating to the proper functioning of the Board.

Formal delegations of authority to permit efficient business operations are captured in the Instrument of Delegation, which is annually reviewed and approved by the Board to ensure that delegations remain appropriate. A suite of internal policies further support the governance of the Group and its compliance with legislative and regulatory obligations.

To assist it in carrying out its duties, the Board has five established committees which focus on specific areas as below. Additional committees may be formed from time to time as necessary.

Each committee has a charter and committee chairs report to the Board after each committee meeting. Details of the number of meetings of the Board and each committee, and attendance at those meetings during 2019 are set out in the Directors' Report.



INDEPENDENCE AND MANAGEMENT OF CONFLICTS OF INTEREST

During 2019, all directors were non-executive and were judged by the Board to be independent and free of relationships or material interests that might influence their ability to act in the best interests of the Group and its members. A register of directors' interests is maintained and regularly reviewed, and an annual independence assessment is conducted to ensure this position remains current. The Board manages its meetings and proceedings to manage any instances of actual or perceived conflict of interest.

During 2019 a Fit & Proper Policy was adopted to support the regular assessment by GMHBA that all its Responsible Persons are fit and proper to perform their roles.

BOARD COMPOSITION AND PERFORMANCE

As at 30 June 2019, there were eight directors on the Board, with an average tenure of seven years.

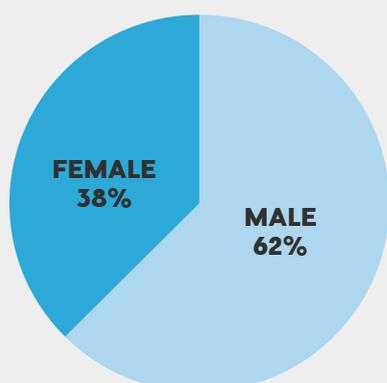
The Board considers that it has an appropriate mix of skills, experience and diversity necessary for a breadth of views and perspectives. Directors come from a range of backgrounds including experience in the areas below. Continuing education is provided to directors through combination of internal and external presentations, workshops, and conference attendance. The Board periodically considers its skills mix to ensure that it remains appropriate to enable the Board to continue to function at a high level.

DIRECTOR SKILLS MATRIX

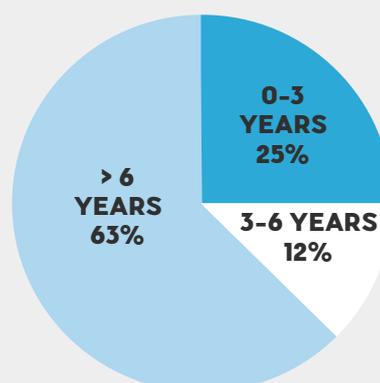


DIVERSITY OF GENDER AND A VARIETY OF TENURE ARE CONSIDERED IMPORTANT FACTORS IN THE COMPOSITION OF THE BOARD, AND ARE CURRENTLY DISTRIBUTED AS BELOW.

GENDER DIVERSITY



DIRECTOR TENURE



The Board conducts a regular assessment of its performance, and the performance of its committees and individual directors. During 2019 the Board and each committee participated in an internal performance evaluation survey, which contained a range of questions on structure and dynamics, strategic orientation and governance. The survey results and comments from directors suggesting improvement opportunities were shared and discussed at each committee meeting and with the Board. The overall finding was that the Board and its committees continue to operate effectively in their present structure and composition.

COMPLIANCE

GMHBA has a proactive approach to compliance at all levels within the organisation and a framework of monitoring and reporting, which helps to achieve legislative objectives and regulatory obligations.

The Company is committed to the prevention, and where necessary the identification and timely response to breaches of applicable laws, regulations, codes or standards. Employees are encouraged to raise any concerns with the Company's leaders, or through FairCall, the external operator of the whistleblower hotline service.

INTERNAL AUDIT FUNCTION

The internal audit function provided by Ernst & Young provides objective assurance and oversight of the Group's control framework. The Audit Committee is responsible for approving the program of internal audits to be conducted each financial year and for the scope of the work to be performed. The internal audit function, while operationally reporting to the Chief Executive, also reports to the Audit Committee and risks or control weaknesses identified through audits are incorporated into the organisational risk management framework. The Audit Committee meets with the internal auditor on a regular basis.

RISK MANAGEMENT

The Audit Committee and the Risk & Compliance Committee support the Board in its oversight of risk management and report on the status of risks to the Group through an integrated risk management framework which permits risks to be identified, assessed and appropriately managed. The risk management model is structured around the "three lines of defence", which together permit effective risk management across the organisation. GMHBA has a fully developed Business Continuity Policy and Plan to be invoked in the case of a significant business disruption event, and a comprehensive insurance program provides protection against residual risk exposures.

The Risk Appetite Tolerance Statements developed and approved during 2018 have been regularly updated during 2019, and the Board will make the annual Risk Management Declaration under APRA Prudential Standard CPS220.

GOVERNANCE

GMHBA is compliant with three new APRA Prudential Standards that came into effect on 1 July 2019, CPS510 - Governance, CPS 520 - Fit and Proper, and CPS 234 - Information Security. GMHBA also conducted a review during 2019 of its Whistleblower Policy and program in order to achieve compliance with the amended legislation.

CAPITAL MANAGEMENT PLAN

GMHBA's capital underpins our ability to conduct our business. At a minimum, capital provides the necessary reserves to ensure that we can now, and for the foreseeable future, meet our obligations to our members and to other creditors under all but the most rare and catastrophic circumstances. The Board annually reviews and approves the Capital Management Plan.

CODE OF CONDUCT

The Board's Governance Framework contains GMHBA's Code of Conduct which sets out expectations for the ethical and professional conduct necessary to meet the expectations of Fund members and other stakeholders. As these expectations may change over time, the Code is regularly reviewed.

GMHBA is also a signatory to the Private Health Insurance Code of Conduct, a self-regulatory code designed to maintain and enhance regulatory and compliance standards across the private health insurance industry.



GMHBA is a registered not for profit private health insurer
ABN 98 004 417 092

GMHBA Limited is a public company limited by guarantee
and incorporated in Australia

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