

## **GMHBA STRIVES TO MAINTAIN HIGH STANDARDS OF CORPORATE GOVERNANCE AS A FOUNDATION FOR PRUDENT AND EFFECTIVE DECISION MAKING, TO SUPPORT THE BOARD IN FULFILLING ITS LEGAL AND REGULATORY OBLIGATIONS AND FOR GENERAL BEST PRACTICE.**

This Statement provides an overview of the main corporate governance structures and practices that were in place throughout the year. During 2020, as well as the scheduled number of Board and Committee meetings a number of additional briefings and special purpose meetings were held as part of GMHBA's response to the COVID-19 pandemic.

The Board is responsible for the overall strategic direction of the organisation, undertaken in a way that protects members' interests and also has 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 corporate strategy and plans, business performance, capital structure and planning, investment activities and risk management and compliance frameworks.

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 supports 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 described below. Additional Committees may be formed from time to time as necessary. The Charter for each Committee is available on GMHBA's website. Committee Chairs report to the Board after each Committee meeting with a summary of the main items considered.

Details of the number of meetings of the Board and each Committee, and attendance at those meetings, during 2020 are set out in the Directors' Report. A governance structure also exists for reporting to the Board on the investment into the new Geelong head office building which is currently under construction.

### **INDEPENDENCE AND MANAGEMENT OF CONFLICTS OF INTEREST**

During 2020 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.

All Responsible Persons undertook Fit and Proper checking during 2020 with no concerns raised.

### **BOARD COMPOSITION**

As at 30 June 2020 there were eight directors on the Board with an average tenure of six years. Further details of each director are found on page 14 of this Annual Report. During 2020 Gerald Miller retired from the Board, having reached his maximum tenure, and Claire Higgins was appointed as a director bringing substantial experience in health, superannuation and audit as well as a strong local Geelong connection.

Directors have a range of expertise and experience which allows for a breadth of views and perspectives. They come from a range of backgrounds with successful executive careers. Continuing education is provided to directors through a combination of internal and external presentations, workshops, and conference attendance. Directors periodically consider the skills mix to ensure that it remains appropriate and enables the Board to continue to function at a high level.

In September 2020 James Walsh will retire from the Board, having reached the maximum tenure permitted under the Constitution, and Claire Higgins will be appointed as Board Chair.

### **BOARD PERFORMANCE**

The Board conducts a regular assessment of its performance, and the performance of its Committees and individual directors. During 2020 the performance assessment was conducted internally using a survey and self-assessment tool which contained a range of questions on structure and dynamics, strategic orientation and governance. The Chairman held individual discussions with each director to consider their individual performance and obtain further input into improvement opportunities. The survey results and comments from directors 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.

### **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 material business 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. The framework complies with APRA Prudential Standard CPS220 - Risk Management.

**CORPORATE GOVERNANCE STATEMENT**  
FOR THE YEAR ENDED 30 JUNE 2020 (CONTINUED)

GMHBA has a fully developed Business Continuity Policy and Plan to be invoked in the case of a significant business disruption event. The BCP, including the Disaster Recovery Plan, have been updated to reflect the response to the COVID-19 pandemic. A comprehensive insurance program provides protection against residual risk exposures.

Risk Appetite Tolerance Statements have been regularly updated during 2020, and the Board will make the required annual Risk Management Declaration to APRA.

**COMPLIANCE**

GMHBA has a proactive approach to compliance at all levels within the organisation. A framework of monitoring and reporting helps to satisfy legislative and regulatory obligations.

The Group Whistleblower Policy is widely available and 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**

The internal audit service provided by Ernst & Young provides objective assurance and oversight of the Group's control framework. The Board 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. Internal Audit reports organisationally to the Chief Executive, and also to the Audit Committee. 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.

**GOVERNANCE**

The external auditor KPMG has conducted a review under Prudential Standard HPS310 for assurance of compliance with all applicable Prudential Standards.

**CODE OF CONDUCT**

GMHBA's Code of Conduct sets out the high standard of ethical and professional conduct necessary to meet the expectations of Fund members and other stakeholders. The Code applies to all GMHBA directors, executive and employees who are required to observe these standards.

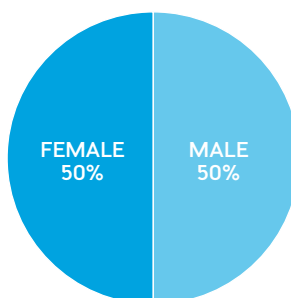
GMHBA is also a signatory to the Private Health Insurance Code of Conduct, a self-regulatory code designed to maintain and enhance high standards of regulatory and compliance behaviour across the private health insurance industry.

**DIRECTOR SKILLS MATRIX**

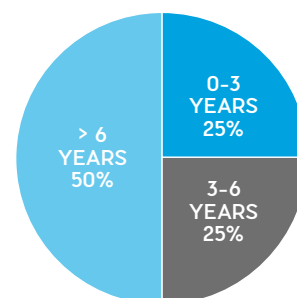
RISK MANAGEMENT	
ACCOUNTING AND AUDIT	LEGAL AND GOVERNANCE
FINANCIAL SERVICES	GOVERNMENT AND POLICY
HEALTH AND MEDICAL	MARKETING AND DIGITAL

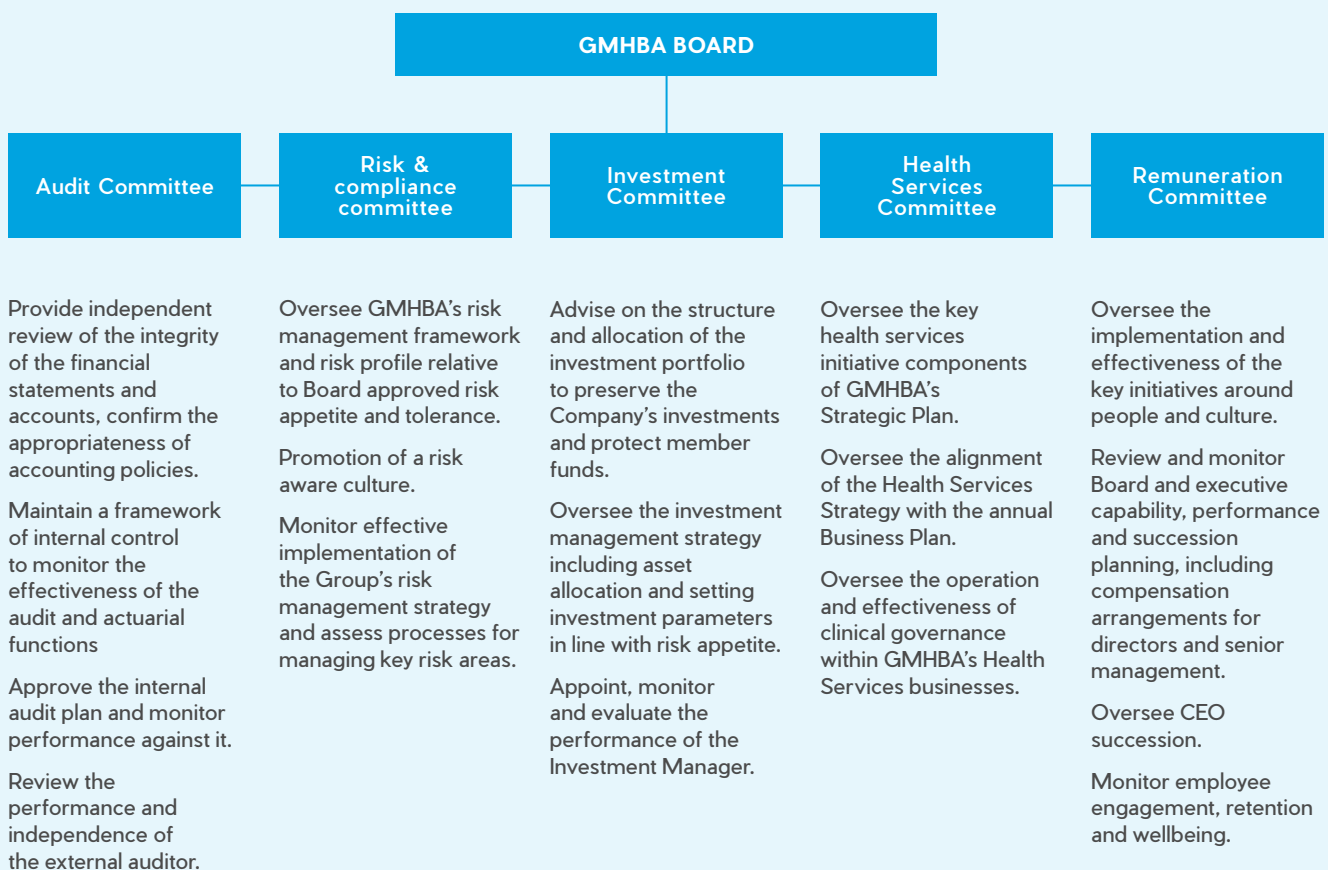
**DIVERSITY OF GENDER AND A VARIETY OF TENURE ARE CONSIDERED IMPORTANT FACTORS IN THE COMPOSITION OF THE BOARD AND ARE CURRENTLY DISTRIBUTED AS BELOW**

**GENDER DIVERSITY**



**DIRECTOR TENURE**





The Chairman of the Board is not the Chairman of the Risk Committee.  
 At least one member of the Audit Committee is also a member of the Risk Committee.  
 Any director may attend meetings of any Committee.

The Company Secretary is accountable to the Board, through the Chairman, for all matters relating to the proper functioning of the Board.

**GMHBA LIMITED**  
ABN 98 004 417 092

GMHBA is a registered not  
for profit private health insurer  
GMHBA Limited is a public  
company limited by guarantee  
and incorporated in Australia  
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