

## Board Charter

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GMHBA Limited ("the company") has a governance framework to ensure that it complies with the relevant requirements of the Corporations Act, the company's Constitution, the Private Health Insurance Act 2007 & Associated Rules and the applicable Prudential Standards of the Australian Prudential Regulation Authority (APRA) and, embodies relevant corporate governance best practice.

Supporting the health of our communities for generations is the company's mission. The company's vision to be Australia's leading regionally based health fund most recommended by our communities for the contribution we make to their health and wellbeing. Consistent with the vision, the Board recognises that GMHBA's fund members and their wellbeing play an important role in the continued operations and prospects of the company. The Board will continue to foster the special relationship which exists between the company and its fund members, and this Board Governance Framework document reflects that special relationship.

The GMHBA Group is governed by the GMHBA Board of directors. Information on the authority, responsibilities, membership and operation of the Board is set out in the Board Charter.

Section 248 of the Corporations Act and the company's Constitution govern the regulation of meetings and the operation of the Board. This Charter has been developed to ensure compliance with regulations and that the practices of the Board are consistent with and reflect the Board's commitment to the principles of good corporate governance. This Charter applies to all wholly owned subsidiaries of GMHBA Limited.

### Accountability of Board

The Board must perform its functions and exercise its powers subject to the provisions of the Corporations Act, the company's Constitution and the Private Health Insurance Act 2007 & Associated Rules and applicable APRA Prudential Standards. The Board must also act in the best interests of fund members or company members or shareholders (or both) as applicable, to whom the Board is also accountable.

### Code of Conduct

The Code of Conduct has been established as the basis for ethical and professional conduct necessary to meet the expectations of fund members and other stakeholders. As these expectations will change over time, the Code will be subject to regular review.

The following Code of Conduct is to be used as a guide for directors and to make clear the standard of ethical behaviour and practices required in order to uphold the company's integrity and maintain the confidence of fund members and other stakeholders.

The main purpose of a code of conduct is to provide a common understanding of the company's expectations in regard to ethical and professional conduct and to assist directors in discharging their obligations. Achieving this objective will also deliver other benefits to the company.

#### The code of conduct requires that;

- A director must recognise that the primary responsibility is to the company members as a whole but should, where appropriate, have regard for the interests of fund members and other stakeholders of the company and the community generally.
- A director must act honestly, in good faith.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose.
- A director must not make improper use of information acquired as a director.
- A director must not take improper advantage of the position of director.
- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the company.

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- A director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors.
- Confidential information received by a director in the course of the exercise of their duties remains the property of the company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the company, or is required by law.
- A director should not engage in conduct likely to bring discredit upon the company.
- A director has an obligation at all times to comply and actively promote compliance with the spirit, as well as the letter, of the law and regulations and with the principles of this code.
- A director who becomes aware of any unlawful or unethical behaviour by any other director or executive is to report such information immediately.
- A director has a duty to protect the company's assets and ensure efficient use of assets for legitimate business purposes.
- A director has a duty to ensure that the company's employment practices comply with the statutory minimum requirements.
- A director has a duty to ensure that the company demonstrates responsibility to the community by adherence to environmental policies.

### Code of Ethical Conduct

#### Principles

The Board and management have endorsed as a key element of its strategic plan the adoption of a set of core cultural values for the company. These cultural values outline the key behaviours that when demonstrated will clearly define the type of organisation GMHBA will be.

This Code of Ethical Conduct seeks to define the expectations of the company in line with the core cultural values and define the behaviours that are expected and the culture that the company seeks to generate across the organisation. In addition to complying with this Ethical Code of Conduct, directors are required to comply with the Group Code of Conduct along with other company policies listed in Appendix 1.

#### Statement of Mutual Ethical Intent

The Board intends that the company will always strive to uphold the highest standards of ethical behaviour.

This is supported by management through the development of policies, integration into decision-making and the day-to-day actions that reflect the desire to uphold the Boards' intent. Management will endeavour at all times to ensure that through awareness, education and training all staff are aware of their obligations under this Code of Ethical Conduct.

Staff have a mutual obligation to seek to understand the Code of Ethical Conduct and to integrate the Code into their daily working life.

#### Ethical Behaviour

In order to be able to demonstrate adherence to this Code of Ethical Conduct it is expected that all GMHBA directors (and employees) will adhere to the following principles and satisfy the relevant Conduct Standards set out in the Group Code of Conduct Policy:

- Always act in the best interest of the company and its company members as a whole.
- Always act in an honest, respectful and courteous manner when dealing with company members, fund members, customers, providers, directors or employees
- Seek to carry out their duties with all appropriate skill and care.
- Maintain at all times the highest standards in maintaining the confidentiality of directors, employees, company members and fund members.
- Wherever possible seek to understand and demonstrate the Company core values.

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- Declare to the Chair, Chief Executive or Company Secretary any conflicts of interest that may arise from the carrying out of their duties for and on behalf of the company in compliance with the Group Conflict of Interest Policy. A director will have a conflict of interest if he or she has a material personal interest (or a material interest other than as a director of the company) in any relationship, business arrangement or third party transaction relating to the company.
- Seek to comply with the highest standards of compliance with statutory or regulatory requirements.
- Not to use their official position with the company to their personal advantage or someone else's advantage or to the disadvantage of the company.
- Not actively be in the employment of a competitor or supplier or a related entity of either whilst employed by the company without the express written permission of the Chair or Chief Executive.

### Disciplinary Action

A breach of any aspect of this Code of Ethical Conduct may lead to disciplinary action including termination and may also lead to notification to external authorities that could result in civil or criminal prosecution and reimbursement to the company of any expenses or losses incurred due to the breach of policy.

### Parties Bound

This Code relates to all directors, employees, temporary staff, subcontractors, consultants or any third party in direct contact with the company.

### Monitoring

The Board will review the Code of Ethical Conduct on an annual basis.

Any breaches of the Code of Ethical Conduct including conflicts of interest and breaches of stated company policies will be thoroughly investigated in accordance with the relevant policies.

## Composition of the Board

An effective board is one that facilitates the efficient discharge of the duties imposed by law on the directors and adds value in the context of the company's requirements. This requires that the board be structured in such a way that it:

- has a proper understanding of, and competence to deal with, the current and emerging issues of the business; and
- can effectively review and challenge the performance of management and exercise independent judgment.

The composition of the board is governed by the Board Renewal Policy, the Constitution and APRA HPS 510 Governance using the following principles:

- The Board shall consist of the number of non-executive directors required under and specified in the company's constitution.
- The Chair should be an independent non-executive director and the Board must consist of the requisite number of independent directors (1 of whom must be the Chair) to comply with the requirements of HPS 510.
- The Board should have enough directors to serve on various committees of the Board without overburdening the directors or making it difficult for them to fully discharge their responsibilities.
- A director of GMHBA Limited, having served a total of 12 years in office, ceases to hold office at the Annual General Meeting of company members that follows the end of that 12 year period and thereafter is no longer eligible to serve as a director. In the case of a director who is also the Chair, the maximum period he or she may hold office of director of the company may be extended from time to time up to the end of his or her term subject to the period of extension not exceeding 3 years. A director may resign by notice in writing to the company.

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- Directors are subject to re-election by company members at least every four years. The process for the company's position on director rotation and renewal is documented within the company's constitution.
- Applications from prospective directors of GMHBA Limited are required to be completed on the appropriate nomination application form at schedule 2 of the company's Constitution and lodged at least 28 days before the general meeting.

The Board has accepted APRA's definition of an independent director, as per CPS 510 Governance:

A director is **not** independent if the director:

1. is a substantial shareholder of the APRA-regulated institution or an officer of, or otherwise associated directly with, a substantial shareholder of the institution;
2. is employed, or has previously been employed in an executive capacity by the institution or another member of the Group, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
3. has within the last three years been a principal of a material professional adviser or a material consultant to the institution or another member of the Group, or an employee materially associated with the service provided;
4. is a material supplier or customer of the institution or another member of the Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
5. has a material contractual relationship with the institution or another member of the group other than as a director.

The following core governance competency categories of skills, knowledge and attributes are used in evaluating directors, including potential directors.

### Skills based competencies:

- **Strategic thinking and analysis** – the ability to look beyond operational issues and to develop a vision for the future of the organisation. Big picture, high level thinking.
- **Analytical, critical reasoning** - the ability to get beneath the surface of issues and the capacity to focus on, prioritise and resolve complex issues.
- **Financial literacy** – ability to analyse and interpret financial data.
- **Interpersonal communication** – listening, presentation and analysis of ideas, questioning, ability to influence.

### Knowledge-based competencies:

- A strong **understanding of the business governed** – ideally some directors will have strong personal experience of this. For GMHBA this will include knowledge of the insurance industry and of the health sector and the intersection of health industry and Government priorities and policies.
- Strong **knowledge of corporate governance** – ideally gained as the result of a sound track record of directorship. This will include knowledge of the legal aspects of directorship.
- Sound **general business knowledge** – ideally this will come from experience of running a business of comparable size and scope to the company.

### Attribute-based competencies:

- **Ethical, honest, and trustworthy** with high levels of integrity – demonstrate strong personal and professional ethics.
- **Strong intellectual capacity** – this may or may not be demonstrated by having a tertiary qualification.
- Knowledge of **own abilities and limitations** – knowing when and how to seek help.
- **The ability to work as part of a team** - the capacity to interact constructively and respectfully with others and work effectively and collegially in a boardroom environment.

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- **Independence and inquisitiveness**- an independent mind and inquisitive style. Have the courage to challenge the status quo.
- **Preparedness to work hard and commit time and effort to do the job well** – willingness and ability to add value to the board via personal experience, putting in the hours required, serving on committees and working parties and attendance at business-related functions as required.
- **Stewardship orientation** - a commitment to serving the interests of the company and its stakeholders. Understands that the board is a custodian that serves others.

These core governance competencies will be used to evaluate both current directors and future directors, although it is acknowledged that some of these competencies are not easy to assess and rely on subjective judgement of others. A competency matrix for directors will be used to assess the current board, deal with succession planning, and for pre-selection assessment of future directors.

### Educational and Training Requirements:

Each director should preferably possess or be in the process of completing tertiary qualifications in a relevant field.

Each director must also be able to demonstrate that they have engaged in education and training sufficient to equip them with the skills necessary to competently perform the role of a company director.

Directors should consider undertaking the qualification 'Graduate of the Australian Institute of Company Directors' (GAICD) or equivalent, depending on their experience and professional background.

Each director must be able to demonstrate that they engage in continuing education and training relevant to their role as a company director.

### **Process for Seeking Appropriate Directors**

The composition of the Board is reviewed regularly by the Remuneration & Capability Committee to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Committee selects a panel of candidates with the appropriate expertise and experience. The Committee will identify potential candidates with advice from an external consultant.

It is acknowledged that in selecting appropriate directors they will already have relevant skills, knowledge, experience and abilities. The Remuneration & Capability Committee is responsible to the Board for the selection process and nomination of individuals for Board consideration that meet the core governance competencies using the competency matrix for directors.

The process for the selection of directors is as follows:

1. The use of a competency framework that will be the basis for determining the strengths and weaknesses of the board and a tool for board succession planning and director recruitment.
2. An annual Board and director performance review and using this to assist in the Board succession planning process.
3. A programme of professional development for directors based on use of the matrix, the board performance review process and dialogue between the Chair and individual directors, e.g. attendance at AICD programmes.
4. A fixed maximum term in office for directors to ensure turnover and the infusion of new thinking and experience into the board.
5. A process and a culture of succession planning for directors and office holders.
6. Using the abovementioned tools to identify skills/competency gaps on the board.
7. A system for the management of its membership and the Remuneration & Capability Committee to implement the system.
8. The Remuneration & Capability Committee to oversee the process and system steps including reporting to the board.
9. Systematically and regularly (annually) reviewing the process.

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The nomination process is as follows:

Nomination for directorship must be accompanied by the support of three current company members completed on the form specified by the Constitution.

1. The nominating individual applying for directorship will receive a "Potential Director Information Pack". This comprises at a minimum, a copy of the constitution and a copy of this Board Governance Framework.
2. The three Company members who are being asked to support the nomination should meet with the nominee to discuss his or her understanding of the role and the needs of the Board. If the nominee considers that he or she is a suitable fit for the board's needs and the company members agree then they would sign the form, allowing the process to continue. Alternatively, if a casual vacancy occurs in the office of directors then the directors may fill that vacancy. Any director so appointed only holds office until the next Annual General Meeting of company members and must then retire from office.
3. Either way, the Remuneration & Capability Committee would consider the nominations received and make recommendations to the Board, which in turn would make recommendations to the Annual General Meeting of Company members, or the Board, as the case may be, who would then vote if required. If the Committee considered that a nominee was unsuitable it would contact the individual and explain its reasons, offering the nominee the opportunity to withdraw. If after hearing the Committee's reasons the nominee wished to continue, their name would remain on the list but would be accompanied by a recommendation to the Annual General Meeting of Company members of unsuitability with the reasons stated. The final decision would be made by the Company members at the Annual General Meeting.

### Role and Responsibilities of the Board

The powers and duties of the Board are prescribed by common law, the company's Constitution and legislation set out in the Corporations Act. The Board's primary role is to set appropriate policies and supervise management in a way that will enhance the interests of the company as a whole. The Board's responsibilities include the following:

#### Planning

- Oversee the conduct and performance of the business of the company to ensure it is being properly and appropriately managed including assessment of performance against the business plan.
- Oversee the strategic corporate planning process and timetable, adoption of the business plan, including budgets and approval of significant variations thereto.

#### Human Resources

- The appointment, removal, regular performance assessment, remuneration and succession planning of the Chief Executive.
- Ratifying the appointment and, where appropriate, the removal of the Company Secretary.
- Ensuring that an appropriate process is in place to review the performance, remuneration, training and development of executive management and to provide for executive management succession.
- Development and implementation of a formal process for the assessment of the Board's performance on an annual basis.
- Maintain skills and knowledge relevant to the role of director for the effective and prudent operation of the company and so as for each director to make an effective contribution to the Board's deliberations and processes.

#### Corporate Governance

- The Board will adhere at all times to APRA's Prudential Standard HPS 510 Governance, of which the key requirements are:
  - Specific requirements with respect to Board size and composition are met;
  - The Chair of the Board of directors must be an independent director;

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- The Board must have a policy on Board renewal and procedures for assessing Board performance; and
- A Board Audit Committee must be established.
- Review and evaluate that appropriate policies are in place to ensure that the company's business is conducted in an ethical and transparent manner. A list of such policies is included at Appendix 1.
- Oversee the company, including its controls and accounting systems.
- Approval and annual review of the company's code of conduct and approval of any major revisions proposed thereto.
- Review and, where appropriate approve delegations of authority from the Board to a director, a Board committee, the Chief Executive and significant delegations to officers of the company.
- Knowledge, and where appropriate and reasonable, review of litigation, actions, transactions and issues, papers and reports to external/third parties which impact on the company.
- Attend to matters referred to it by management, the Chief Executive or committees of the Board and to any matters identified as reserved by legislation or policy to the board.
- Liaise with key stakeholders as appropriate and consistent with agreed 'key messages' from GMHBA Policy Position Statements.
- The appointment of the company's external auditor.
- Provide the auditor and the appointed actuary, as relevant, with the opportunity to raise matters directly with the Board.
- Review and evaluate the Board's administrative and operating arrangements annually.
- Approve and monitor compliance of delegations of authority to the Chief Executive.
- Stewardship - Ensuring that adequate internal controls and reporting systems are in place to safeguard the assets.
- Compliance - Ensuring the company complies with applicable legislation.
- Ethics - Ensuring the company is ethical in its behaviour through the establishment and review of a code of ethics and appropriate monitoring.
- Directors should inform the Chair before accepting any new appointments.

### **Financial Management**

- Approval and monitoring financial and other reporting.
- Approval of the annual audited financial statements.
- Approval of annual budget and monitoring the progress of major capital expenditure.
- Ensure the company is financially sound.

### **Risk Management**

- Approval of the company's framework for risk management and monitoring the management of the significant corporate risks.
- Set the risk appetite within which it expects management to operate.
- Form a view of the risk culture in the company, and the extent to which that culture supports the company's ability to operate consistently within its risk appetite, identify any desirable changes to the risk culture and ensure the company takes steps to address those changes.
- Oversee, review and monitor the overall framework of internal controls established by the chief executive including the procedures implemented by the company to ensure compliance with relevant legislation.
- Ensure the operational structure of the company facilitates effective risk management.

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## Chief Executive Performance Appraisal

Principles underpinning the Chief Executive performance appraisal:

- The Board determines the criteria by which the Chief Executive's performance is to be assessed.
- For the most part the criteria will be derived from the company's strategic plan and elements of the delegations of authority to the Chief Executive.
- The process of assessment is continuous. Chief Executive reporting to Board meetings provides the basis for continuous assessment.
- Bonus criteria, if set, are determined by the Board and will be in addition to the normal job, not a reward for completing the basic tasks for which the Chief Executive is employed.
- Satisfaction with performance is determined by the whole Board with the assistance of the Remuneration and Capability Committee.
- The Chief Executive is invited to assess his or her performance against the same criteria applied by the Board.
- The process is based on the principle of 'no surprises'.
- The process is developmental not punitive.
- Unsatisfactory performance is to be addressed at the time, not left until the formal performance assessment session.

## **Role of individual Directors**

More than any other representative of the company, the company members, fund members, customers, suppliers, employees and other stakeholders of the company look to directors to establish and protect the reputation of the company.

Directors are selected because of their knowledge, networks and influence relevant to private health insurance that will ensure that the company can respond to opportunities, create its solutions and ensure its long-term viability and success.

The responsibility to act in ways which enhance the reputation of the company commences with an individual director's appointment. Desirably, that interest continues after the term of office concludes.

The role of an individual director will include the following:

- Accept ultimate accountability for all organisational matters, recognising that directors are jointly and severally responsible for all decisions taken by the Board. Having made a decision the directors must "speak with one voice", subject to the available procedures if a director has cast a dissenting vote on an issue.
- Recognise, understand and comply with their legal and fiduciary responsibilities including the duty to:
  - Act honestly, diligently and ethically.
  - Exercise a reasonable level of care.
  - Avoid gaining personal advantage, making improper use of information or allowing conflict between personal interest and duty to the company.
  - Act in the interests of the company as a whole at all times.
- Avoid conflicts of interest in as far as this is possible, and where such conflicts arise or could be perceived to arise, act within the terms of the Board's conflict of interest policy.
- Be loyal and supportive to the Board of the company, interacting with each director and with employees and stakeholders of the company in a positive and constructive manner.
- Actively promote the company's interest and avoid doing anything that in any way denigrates the company or harms its image or reputation.
- Be diligent, attend Board meetings and devote sufficient time to preparation for Board meetings to allow for full and appropriate participation in the Board's decision making.



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- Observe the confidentiality of non-public information acquired by them in their role as directors and not disclose to any other person such information.
- Ensure that the independent views of directors are given due consideration and weight.
- Not attempt to exercise individual authority over the company except as explicitly set out in Board policies.
- Recognise the lack of authority vested in individual directors except when explicitly Board authorised.

### Role of Chair

The company must, under its Constitution, appoint the Chair for a period of up to three years. The Chair must be an independent director.

In the absence of the Chair, a Chair shall be elected from the directors present.

The Chair will have a deliberative and a casting vote.

The Chair shall: -

- ensure the integrity of the Board's governance performance through effective management of the Board's processes.
- represent the company to outside parties from time to time.
- not alter, amend or ignore Board policies and processes.
- work with the Chief Executive, but not displace the Chief Executive's accountability to the Board as a whole.
- have an annual evaluation of their performance completed by the Board.

### Role of Board Committees

The Board may from time to time establish appropriate committees to assist it in the discharge of its responsibilities and may delegate the exercise of its powers to those committees. The Board ultimately remains accountability for the decisions of the Board committees and;

- Each formally constituted committee will have a written charter, approved by the Board.
- Membership of Board committees will be based on the needs of the company and the skill and experience of the individual directors and/or officers of the company. The Board has sole responsibility for the appointment of directors and officers to committees. The Board may at any time remove from office a member of a committee. The Board expects that, over time, the directors will rotate on and off various committees taking into account the needs of the committees and the experience of the individual directors.
- The role, function, performance and membership of each committee will be reviewed on an annual basis as part of the Board's assessment process.
- The Board will establish only the minimum number of committees needed to assist in carrying out governance work.
- The scope of certain committees extends to have oversight of subsidiary entities as detailed in the individual committee charter.
- Permanent Board committees are:
  - GMHBA Audit Committee
  - HEA Audit Committee
  - Remuneration & Capability committee
  - Investment Committee
  - Health Services Committee
  - Risk & Compliance Committee

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### Risk Management Framework

#### APRA

GMHBA Limited is subject to APRA Cross Industry Prudential Standard 220 Risk Management (CPS 220), which outlines the risk management reporting requirements for APRA.

#### Enterprise Wide Risk Management

The Risk Management Strategy (RMS) applies to all directors, executives and employees of GMHBA Limited and its wholly owned subsidiaries (GMHBA Group), including health.com.au Pty Ltd. (HEA). As such, the risk management framework of HEA is derived wholly from group risk management policies and functions.

The RMS documents the overall approach to the management of risk for the GMHBA Group, specifies the key components of the Risk Management Framework (RMF) in place and articulates the roles and responsibilities of various stakeholders in this process. As defined in the CPS 220, the RMF is “the totality of systems, structures, policies, processes, people within an institution that identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk”.

All directors, executives and employees have a role to play in managing risk by enhancing opportunities and minimizing threats so that the GMHBA Group can achieve its strategic objectives

As risks by their nature can be avoided, managed to acceptable levels, or transferred to a third party, internal risk controls and mitigating strategies provide reasonable assurance to stakeholders that planned processes, policies and actions to minimise negative risk and enhance positive opportunities exist within GMHBA's corporate framework to ensure strategic intents are met.

The effective management of risk is vital to the success and growth of the GMHBA Group. For risk management to be effective, all operations must apply the following principles to the context of the particular business and its objectives:

- Risk management must create and protect value
- Risk management is integrated into organizational processes
- Explicit risk management helps decision-makers make informed choices
- Risk management is focused on the sources of uncertainty around the achievement of objectives
- Risk management must be tailored to the context and fit for purpose
- Risk management is dynamic, iterative and responsive to change
- Risk management is transparent and inclusive
- Risk management is based on best available information

The RMS is the overarching means by which risks are managed within the GMHBA Group. Risk management is integrated with business planning processes and used to inform the establishment of strategies and actions in business plans.

#### Risk Management Strategy (RMS)

The RMS is the GMHBA Group's policy statement with regard to risk management and identifies:

- Where the RMS sits within the corporate governance framework;
- The risk management objectives of GMHBA;
- The principles underpinning the GMHBA Group's appetite for taking risk in pursuit of its strategic objectives;
- The process used to determine and rate risks;
- The RMF review process;
- Recording and reporting of risks;
- The three lines of defence framework implemented within the GMHBA Group;
- Roles and responsibilities for risk management;

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The desired risk culture of the GMHBA Group; and  
The framework for the assessment of risk culture against the desired state on a periodic basis.

Please refer to the GMHBA Group RMS for further information.

A comprehensive insurance program provides protection against major risk exposures that cannot be eliminated by appropriate risk management practices.

### **Compliance Framework**

GMHBA has a strong commitment to compliance at all levels within the organisation and ensure that compliance activities are undertaken in a manner to maximise compliance with legislation as well as taking a proactive approach in helping to achieve the objectives of the legislation.

We are committed to the prevention, and where necessary, the identification and timely response to breaches of laws, regulations, codes or standards relevant to the fund.

The establishment of the GMHBA Compliance Framework sets out our approach to managing compliance obligations and mitigating compliance risk of the industry in which it operates, as well as the internal governance processes established to minimise operational risk.

It is an integral part of the Risk Management Strategy and is supported by a number of key policies.

The Framework provides a single source document where specific legislative and regulatory requirements of each of our areas of compliance, along with the controls in place for each requirement. The framework ensures monitoring of our ongoing compliance.

### **Director Education**

The company has a formal process for inducting new directors about the nature of the business, current issues, the corporate strategy and the expectations of the company concerning performance of directors. Directors also have the opportunity to visit company's facilities and meet with management to gain a better understanding of business operations. Directors are to be informed of and are encouraged to attend relevant forums and seminars in order to develop and enhance their knowledge in the changing environment of business operations.

All directors will have an individual development plan formulated in conjunction with the Chair and the director. These plans will be reviewed each year during the performance evaluation process.

All costs associated with completing the AICD company directors program and any other approved subsequent development costs will be met by the company. Where directors are company directors of more than one company, the director will seek to share the costs of this development with the other companies. Where this is not possible, the Chair may agree to cover all the costs.

The director should apply to the Chair in writing, including a full outline of the program and its relevance to the director's individual development plan. The director shall receive written approval from the Chair before attending any professional development or training at the company's expense. The Chair will confirm in writing the approval for a director to attend a program and what costs will be covered by the company.

### **Independent Professional Advice and Access to Company Information**

Each director has the right of access to all relevant company information and to the company's executives and, subject to prior consultation with the Chair, may seek independent professional advice at the company's expense. The Chair shall, at his/her discretion, determine whether the advice so received shall be circulated to the other directors of the Board.

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### Relationship between the Board and Management

The Board's role is to focus on policy, strategy, risk and the monitoring of the performance of functions.

The Board will adopt appropriate structures and procedures to ensure it retains its independence and functions independently of management. This may include meeting, at the Board's discretion, in the absence of management.

- The Chief Executive shall be entitled ex officio to attend and speak, but not vote at Board meetings.
- The Company Secretary will attend board meetings by standing invitation.
- Responsibility for the operation and management of the company's business to the Chief Executive. The Chief Executive is accountable to the Board and is to fulfil this responsibility through the implementation of the business plan and the provision of reports, briefings and presentations on a regular basis throughout the year.
- The Chair takes the primary role in leading the Board. The Chief Executive takes the primary role in leading the company.
- A sound relationship between the Board and its Chief Executive is a prerequisite of effective governance and effective performance.

### Relationship between the Board and the Chief Executive

The Board's preferred approach will be to:

- Recognise that an effective and productive relationship between the Board and its Chief Executive is founded on mutual respect and confidence with clarity of intention and expectation from both sides.
- Work from the assumption that the Chief Executive is fully capable of managing all operational matters, and to that end, delegate maximum authority to the Chief Executive.
- Assume that directors are free to talk with and work with all staff, but in doing so, as a matter of courtesy, directors should let the CEO know beforehand if such contact is prearranged to address specific topics rather than just incidental contact. Directors should recognise their responsibility not to confuse, detract from or undermine the Chief Executive and the executive teams' role and responsibilities.
- Encourage the Chief Executive and the executive team to use the expertise of individual directors but accept that taking advice and using directors' expertise is discretionary not an obligation.
- Recognise that the Chair and the Chief Executive enjoy an open and regular dialogue and accepting the need of the Chair to make judgments appropriate to advancing the company's interest, ensure that their working relationship does not serve as a de facto Board meeting.
- Accept as a fundamental principle that the Chief Executive reports to the Board as a whole.
- Accept that the responsibility for the overall assessment of the Chief Executive belongs to the Board as a whole, notwithstanding that certain aspects of the task may be delegated to the Remuneration & Capability Committee.
- Individual directors do not have authority to direct the Chief Executive, the management team or employees subject to any specific delegation from the Board.

### Certification by Chief Executive & Chief Financial Officer

The Chief Executive and Chief Financial Officer will provide a certification in writing to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operating results and are in accordance with relevant accounting standards.

This certification will be presented to the Board annually as part of the Annual Report, when the adoption of the company's year-end financial statements are considered.

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The Board must make an annual declaration in compliance with Prudential Standard CPS 220 Risk Management to APRA. The declaration must be signed by the Board Chair and the Chair of the Risk & Compliance Committee.

### Certification by Compliance Manager

The Compliance Manager will provide a certification in writing to the Risk & Compliance Committee that the company's operations were conducted in accordance with the requirements of Competition and Consumer Act 2010 and disclose any known non-compliance.

The Risk & Compliance Committee must report any non-compliance to the Board.

### Board Meetings

Board meetings are held on a regular monthly basis. The general practice is for no meetings to be held in January and April each year, but additional meetings may be convened as determined necessary by the Board.

Directors are required to make every reasonable effort to attend each meeting of the Board, strategic briefing sessions and the committee(s) of which they are a member, and to remain in attendance for the full duration of such meetings. Where attendance or remaining in attendance for the full meeting is not possible, leave of absence must be sought, in advance, from the Chair.

### Special Meetings of the Board

The Chair may at any time (and must, if requested by 2 directors) call a special meeting of the Board.

Notice of a special meeting must:

- Be in writing; and
- Be served on each director, by post, email, fax or in person; and
- Specify the time and place of the meeting and the reason for it.

A special meeting must deal only with business stated in the notice.

### Declaration of Pecuniary Interests

Subject to the provisions of the Corporations Law and the company's Constitution, the Board is empowered to regulate its meetings and proceedings, including the processes it will apply in instances of a declared, actual or perceived conflict of interest.

A director's pecuniary interest is to be declared to the company prior to any meeting dealing with such interest, and the director is not permitted to vote on a matter in which he/she is so interested.

The director:

- May stay in the meeting during any consideration of the matter; and
- May take part in the discussion; and
- Must not move or second a motion on a question relating to the matter; and
- Must absent themselves from discussions about matters to which a perceived conflict of interest exists, unless the board agree otherwise; and
- Must leave the meeting while any vote is taken on a question relating to the matter; and
- May, when notified by the Chair that the vote has been declared, return to the meeting.

If a director discloses a pecuniary interest, a statement must be provided showing:

- That the disclosure was made;
- The nature of the matter and the nature of the disclosed interest;

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- Whether any vote was taken on a question relating to the matter and, if so, whether the director was present while the vote was taken;
- Whether the director left the meeting at any time during consideration of the matter and, if so, at what stage the director left;
- In the case of a disclosure made at or before a Board meeting of the company, be included in the minute of the meeting; and
- In the case of a disclosure made at or before a meeting of a committee, be recorded by the committee and presented to, and included in the minutes of, the next ordinary meeting of the company.

A director must not make improper use of information acquired by virtue of that person's position as a director to gain directly or indirectly any pecuniary advantage for himself or herself or any person, or with intent to cause detriment to the company irrespective of whether detriment was caused.

### Declaration of Conflicts of Interest

Directors may be personally involved with other activities or stakeholder groups that have dealings with the company.

The experience and expertise of these directors is invaluable in assisting the company in its deliberations and decision-making. Such personal and organisational linkages, however, create the potential for actual or perceived conflicts of interest that may not be in the company's best interest.

The Board recognises that:

- Inadequate management of actual conflicts of interest may create legal risks for individual directors and the board as a whole;
- Inadequate management of perceived conflicts of interest may damage the reputation and effectiveness of individual directors, the Board and the company.

### Conflict of Interest – Responsibilities for Directors

Directors must:

- Not allow personal interest, or the interests of any associated person or organisation, to conflict with the interests of the company;
- Discharge their duties at all times in the best interests of the company;
- Use the powers of office for a proper purpose at all times;
- Not make improper use of information gained through their position;
- Not take improper advantage of their position as a director.

In accordance with statutory and common law requirements, each director must:

- Be vigilant in identifying potential conflicts of interest (either actual or perceived);
- Complete annually and submit to the Company Secretary a 'Disclosure Statement by Directors of GMHBA' form in the format approved by the Board from time to time;
- Bring to the attention of the Board, in a timely manner, actual or perceived conflicts of interest which may exist or which might reasonably be thought to exist, involving themselves or other directors.
- Determine whether they should stay in the meeting or leave the meeting during any consideration of a matter in which they have an actual or perceived conflict of interest. At the direction of the Board, absent themselves from discussion about any matter to which a perceived conflict of interest may arise.
- Leave the meeting while any vote is taken on the matter in which they have an actual or perceived conflict of interest.

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If a director is unsure whether a particular interest is likely to cause a conflict (actual or perceived), he or she must make a full disclosure of the interest and the Board as a whole must vote on whether the director should absent him or herself from proceedings. Annually the directors are required to sign and submit a Statutory Material Personal Interest Declaration in preparation for the Annual Meetings. In the event of a tied vote, the Chair's decision will be final.

The Chair will:

- Remind all directors at the commencement of each meeting of the need to declare to the Board any conflict of interest;
- Have a casting vote in the event that the Board is unable to decide whether a director should absent him or herself from proceedings where there is an actual or perceived conflict of interest.

The Company Secretary will:

- Maintain a file with director's annual 'Disclosure Statement By Directors of GMHBA' form, which will be made available on request for inspection by all directors and the Chief Executive;
- Ensure that any declared conflict is recorded in the minutes of the meeting at which the relevant matter is discussed;
- Ensure that the minutes accurately records the time when a director exits from and re-enters a meeting for the purposes of managing a conflict of interest;

The Board has developed a policy to ensure that any potential conflicts of interest (actual or perceived) are identified and managed in a manner which:

- is ethical;
- complies with common law and legislative requirements;
- promotes effective decision making in the best interest of the company; and
- protects the reputations of individual directors, the Board and the company.

### Political Donations

The Company maintains a 'Political Donations Policy' which articulates its position of impartiality with respect to party politics at all levels. Accordingly, it does not make cash donations to any political parties, politicians or persons standing for public office. Costs may be incurred at the Board's discretion when, in the interest of the company and to support its advocacy activities, company's representatives attend political functions. The Company Secretary shall maintain a register of donations made by the company.

### Entitlements

The remuneration of the Chair and directors shall be in accordance with the total approved limits at the Annual Meeting of fund members.