

CORPORATE INFORMATION
CONTINUED.

CHIEF EXECUTIVE:

MARK VALENA

BBus (Acc), CA, GAICD.

COMPANY SECRETARY:

ELIZABETH MELVILLE-JONES

LLB, BA, MBA (Melb), appointed 30 April 2018

AUDITORS:

KPMG

Tower Two, Collins Square
727 Collins Street
Docklands Victoria 3008

BANKERS:

NATIONAL AUSTRALIA BANK LIMITED

APPOINTED ACTUARY:

DAVID TORRANCE, FIAA

Director, dbn actuaries Pty Ltd

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

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 UNDER THE CORPORATIONS ACT AND APRA PRUDENTIAL STANDARDS, ITS CONSTITUTION AND CHARTER, LEGISLATION INCLUDING THE PRIVATE HEALTH INSURANCE ACT 2007, AND FOR GENERAL BEST CORPORATE GOVERNANCE PRACTICE.

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 act in 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 2018 are set out in the Directors' Report.

GMHBA BOARD

AUDIT & COMPLIANCE COMMITTEE

Oversight of the integrity of GMHBA's systems of accounting and financial statements and reporting, and compliance activities and frameworks.

Maintenance of a framework of internal control to monitor the audit and actuarial functions, ensuring regulatory compliance, and advise on appropriate ethical standards for the management of the Company.

Approve the internal audit plan and monitor performance against it.

RISK COMMITTEE

Oversight of GMHBA's risk profile, risk tolerance and risk management.

Monitor effective implementation of the Group's risk management framework and assess processes for managing key risk areas.

Review of the Group's insurance arrangements.

INVESTMENT COMMITTEE

Advise on the Group's total investment portfolio to preserve the security of the company's investments and protect member funds.

Review and approve the Investment Policy. Oversight of the investment management strategy including asset allocation and setting investment parameters in line with risk appetite and the Board approved Investment Policy.

Appoint, monitor and evaluate the performance of the Investment Manager.

HEALTH SERVICES COMMITTEE

Oversight of the key health services initiative components of GMHBA's strategic plan.

Oversight of the alignment of the Health Services Strategy with the annual Business Plan.

Oversight of the effectiveness of clinical governance within GMHBA's Health Services businesses.

REMUNERATION & CAPABILITY COMMITTEE

Oversight of remuneration and succession planning policies and practices.

Recommendation of development programs and practices to enhance culture and workforce capability

Review and approve compensation arrangements for Directors and senior management.

Recommend the appointment and removal of Directors and the Chief Executive Officer.

INDEPENDENCE AND MANAGEMENT OF CONFLICTS OF INTEREST

During 2018 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.

BOARD COMPOSITION AND PERFORMANCE

As at 30 June 2018 there were seven directors on the Board, with an average tenure of six years. An eighth director, Mr Mike Hirst, was appointed effective 31 July 2018.

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 with successful executive careers 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.

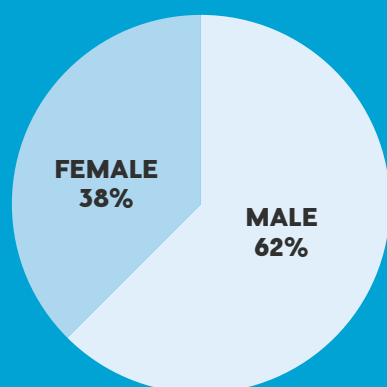
DIRECTOR SKILLS AND EXPERIENCE

Directors bring to the Board a range of relevant skills, knowledge and experience including:

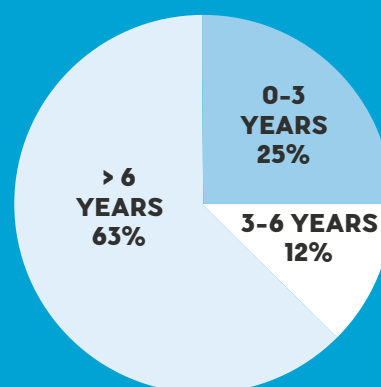
- > Accounting and audit;
- > Health and medical;
- > Financial services;
- > Legal and governance;
- > Marketing, digital and customer acquisition;
- > Government and policy;
- > Strategy and risk management; and
- > Community and regional focus.

DIVERSITY OF GENDER AND A VARIETY OF TENURE ARE CONSIDERED IMPORTANT FACTORS IN THE COMPOSITION OF THE BOARD, AND ARE CURRENTLY DISTRIBUTED AS BELOW (INCLUDING THE DIRECTOR MOST RECENTLY APPOINTED).

GENDER DIVERSITY



DIRECTOR TENURE



The Board conducts a regular assessment of its performance, and the performance of its Committees and individual directors. During 2018 an independent external consultant was engaged to review the Board's structure, operation and effectiveness. The outcome of the Report and any recommendations will be considered and, where useful, implemented to ensure the continuing effectiveness of the Board.

COMPLIANCE

GMHBA has a strong commitment to compliance at all levels within the organisation. The Company ensures that its compliance activities are undertaken in a proactive way which helps to achieve the objectives of legislation and regulatory obligations.

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

INTERNAL AUDIT FUNCTION

The internal audit function provided by Ernst & Young and Protiviti assists the Board by providing objective assurance and oversight of the Group's control framework. The Audit & Compliance 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 & Compliance Committee. The Committee meets with the internal auditor on a regular basis.

RISK MANAGEMENT

The Audit & Compliance Committee and the Risk Committee provide advice to the Board and report on the status of risks to the Company through an integrated risk management framework aimed at ensuring risks are 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. A comprehensive insurance program provides protection against residual risk exposures.

During 2018 Risk Appetite Tolerance Statements have been developed and approved, and the Board will make a Risk Management Declaration under APRA Prudential Standard CPS220. During 2018 the Board created a separate Risk Committee and appointed a Chief Risk Officer.

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 a 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

Registered office and principal place of business:
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GMHBA Limited

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