

**CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

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.

Strong corporate governance frameworks and practices are fundamental to GMHBA’s culture and are consistent with our values. They act as a foundation for prudent and effective decision making, support the Board in fulfilling its legal and regulatory obligations, and give confidence to our members around business operations. Maintaining high governance standards has been particularly important during a year of leadership transition with the long-standing Board Chair and CEO both retiring, and the continuing uncertainty caused by COVID-19.

The Board is responsible for the overall strategic direction of the organisation, ensuring that it is undertaken in a way that protects members’ interests and 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.

This Statement provides an overview of the main corporate governance structures and practices that were in place throughout the year. Changes included a revised Board program to closely match the business planning cycle, cessation of one Board Committee, appointment and induction of a new director, additional Board accountabilities with Modern Slavery and increased oversight of information security, a Constitutional amendment to permit a virtual Annual Meeting of Fund Members, and revised delegations to reflect a new organisational structure. Board representation continued on QE042 Pty Ltd, the investment entity for the new head office building, and ceased on the subsidiaries relevant to the AIA Heath disinvestment.

To assist it in carrying out its duties, the Board has established Committees which focus on specific areas as described below. The Charter for each Committee is available on GMHBA’s website and additional Committees may be formed from time to time as necessary. Committee Chairs report to the Board after each Committee meeting with a summary of the main items considered. A suite of internal policies further supports the governance of the Group and its compliance with legislative and regulatory obligations. The Company Secretary is accountable to the Board, through the Chair, for all matters relating to the proper functioning of the Board.

INDEPENDENCE AND MANAGEMENT OF CONFLICTS OF INTEREST

During 2021 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 2021 with no concerns raised.

BOARD COMPOSITION

As at 30 June 2021 there were eight directors on the Board with an average tenure of five years. Further details of each director are found on page 18 to 20 of this Annual Report. During 2021 James Walsh retired from the Board, having reached his maximum tenure, and Claire Higgins was appointed as Board Chair. In April 2021 Alexander (Sandy) Morrison was appointed as a director bringing substantial experience in strategy and healthcare as well as a strong local Geelong connection.

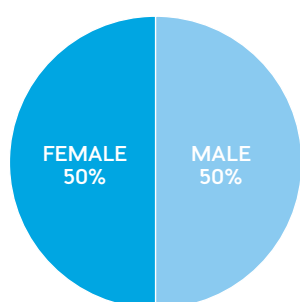
Directors have a range of expertise and experience which allows for a breadth of views and perspectives. They come from a range of backgrounds and contributing skills in the areas below. Continuing education is provided to directors through combination of internal and external presentations and workshops. Directors periodically consider the skills mix to ensure that it remains appropriate and enables the Board to continue to function at a high level, and particularly when considering candidates for new directors.



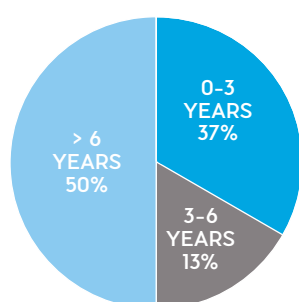
CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2021 (CONTINUED)

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



BOARD PERFORMANCE

The Board conducts a regular assessment of its performance, and the performance of its Committees and individual directors. During 2021 an external review was conducted, and a detailed report provided indicating a pleasing level of performance. 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. Committee composition will be reviewed during 2022 following the retirement of Director Sue Renkin who will reach her maximum tenure.

RISK MANAGEMENT

The Audit Committee and the Risk & Compliance Committee support the Board in its oversight of risk management. They 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.

GMHBA has a fully developed Business Continuity Policy (BCP) 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 2021 and a revised suite developed to most effectively highlight the most material risks. 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 independent 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 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 without management presence.

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

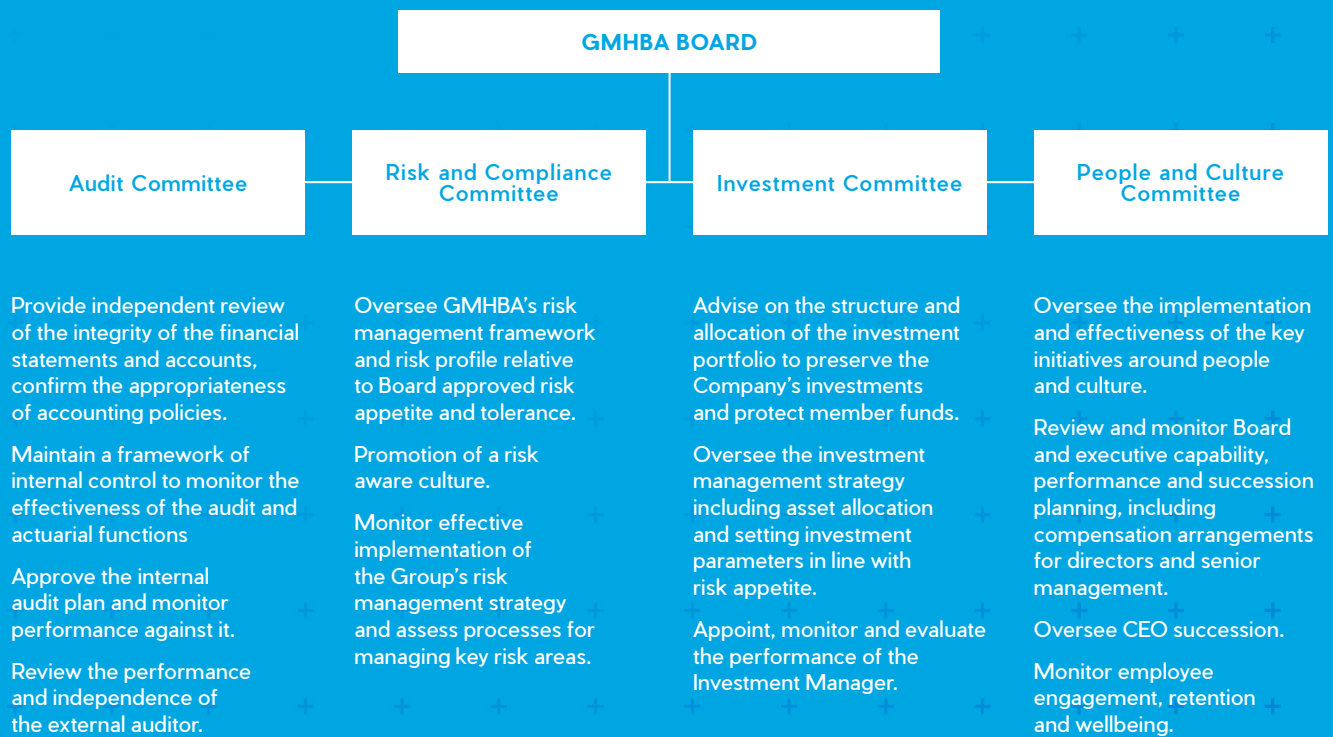
GMHBA's Code of Conduct sets out the high standard of ethical and professional conduct necessary to meet the expectations of Fund members and other stakeholders. The Code applies to all GMHBA directors, executive and other employees who are required to observe these standards.

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.

CORPORATE GOVERNANCE FRAMEWORK

In December 2020 the Health Services Committee ceased operation. Oversight of clinical governance is now undertaken by the Risk & Compliance Committee, supported by the management Quality and Control Committee. Marie Bismark joined the Risk & Compliance Committee to provide medical and clinical experience. In May 2021 the Remuneration & Capability Committee changed its name to the People & Culture Committee, to better reflect its renewed strategic focus and activities including development of a Remuneration Framework.

Details of the number of meetings of the Board and each Committee, and attendance at those meetings, during 2021 are set out in the Directors' Report.



The Chair of the Board is not the Chair of the Risk and Compliance Committee or the Audit 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 Chair, for all matters relating to the proper functioning of the Board.