



People caring for people

Ramsay Health Care Limited
ACN 001 288 768

Board Charter

Approved by the Board of
Ramsay Health Care Limited
on 23 October 2012

Board Charter

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Board Charter

1 Role of the Board

The role of the Board is to effectively represent and promote the interests of the Company's shareholders with a view to adding long-term value to the Company's shares and for the protection of shareholder funds.

The Board is accountable to the shareholders for the management of the Company's business and affairs, and as such is responsible for the overall strategy, governance and performance of the Company.

The role of the Board includes:

1.1 Strategic Direction

- Oversight of the strategic direction for the Company and endorsing the Company's strategy developed by the CEO;
- Decision making in relation to matters of a sensitive or extraordinary nature;
- Providing advice and counsel to management on a periodic and ad hoc basis; and
- Ensuring management implement the policies and decisions of the Board.

1.2 Governance

1.2.1 General

- Undertaking all reasonable measures to ensure best practice corporate governance;
- Monitoring the performance of the Chief Executive Officer (CEO) and approving senior management remuneration policies and practices; and
- Reporting to shareholders.

1.2.2 Compliance

- Undertaking all reasonable measures to ensure that appropriate compliance frameworks and control are in place and are operating effectively; and
- Approving and monitoring the effectiveness of and compliance with policies governing the operations of the Company.

1.2.3 Risk Management

- Monitoring and verifying that resources and processes are in place designed to achieve compliance with work health and safety laws;
- Monitoring the integrity of internal control and reporting systems; and
- Monitoring strategic risk management systems, including the review of processes for identifying areas of significant business risk, monitoring risk management policies and procedures, monitoring insurance coverage and oversight of internal controls and review of major assumptions used in the calculation of significant risk exposure.

1.3 Operating Performance

- Approving decisions concerning the capital of the Company, including capital restructures;
- Reviewing and approving the annual operating budget, the annual and half-yearly statutory financial statements and monitoring the financial results on an on-going basis; and
- Determining dividend policy and approving dividends.

1.4 Operational Development

- The appointment of the CEO and the approval of the succession plan; and
- Endorsing the appointment of the CEO's direct reports.

2 Key Board Functions & Procedures

2.1 Board Composition

It is intended that the Board should comprise a majority of non-executive directors, including the Chairman and Deputy Chairman, and comprise Directors with a broad range of skills, expertise and experience, consistent with the Ramsay Diversity Policy.

The Board together with the Nomination Committee, will review the skills, expertise and experience represented by Directors on the Board and determine whether the composition and mix of those skills, expertise and experience remain appropriate for the Company's strategy, subject to limits imposed by the Constitution.

The appointment and removal of Directors is governed by the Company's Constitution. The Board is responsible for selecting and approving its own candidates to fill any casual vacancies that may arise on the Board with the assistance of the Nomination Committee. Directors who have been appointed to fill casual vacancies must offer themselves for re-election at the next annual general meeting of the Company. In addition, at each annual general meeting, one third of the Directors (excluding the CEO) must offer themselves for re-election subject to the proviso that no Director shall serve more than three years without being a candidate for re-election.

2.2 Induction & ongoing support

The Board has systems in place to ensure that Directors receive the necessary support they require to perform their role effectively.

Induction and orientation programs are in place for all newly appointed Directors, and continuing education and training is encouraged, whether provided externally or internally, on an 'as needs' basis to keep Directors informed regarding regulatory and market developments that significantly impact the Company's operations or their duties as Directors.

The Board collectively has the right to seek independent professional advice as it sees fit. Each Director individually has the right to seek independent professional advice, subject to the approval of the Chairman or Deputy Chairman.

All Directors have direct access to the Company Secretary.

Directors also have complete access to the senior management team. In addition to regular reports by senior management to the Board meetings, Directors may seek briefings from senior management on specific matters and are entitled to request additional information at any time when they consider it appropriate.

2.3 Director Independence

The Board regularly reviews the independence of each Non-executive Director in light of information relevant to this assessment as disclosed by each Non executive Director to the Board.

The Board only considers Directors to be independent where they are independent of management and, as a practical matter, where they exercise their judgement in an unfettered and independent manner.

The Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight in the Company and its operations and, therefore, an increasing contribution to the Board as a whole. Accordingly, tenure is just one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a Director in the context of the overall Board process.

2.4 Lead Independent Director

To enhance the independent functioning of the Board, the Company may appoint a Lead Independent Director to:

- ensure that any conflicts of interest (or potential conflicts of interest) between the Company's major shareholder and the Company are identified and appropriately managed;
- promote awareness of the importance of independent judgements in the Board's decision making;
- provide leadership to the other independent directors and support them in presenting diverse perspectives on issues being considered by the Board; and
- promote constructive interaction between the independent directors and all other directors.

2.5 Board Meetings & Procedures

The Board meets regularly in accordance with an agreed schedule. The Board may also meet on other occasions between scheduled meetings to deal with specific matters as the need may arise.

The Non-executive Directors may meet without executive directors or management present.

The Company's Constitution governs the regulation of Board meetings and procedures.

Matters approved by the Board are executed by management and monitored by the Board in accordance with a business unit/specific project reporting timetable.

2.6 Delegations

2.6.1 Board Committees

The Board may from time to time establish Committees to streamline the discharge of its responsibilities.

The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis.

The following Committees have been established to operate under terms of reference approved by the Board:

- Audit Committee;
- Nomination Committee;
- Remuneration Committee; and
- Risk Management Committee.

a) Audit Committee:

This Committee assists the Board in fulfilling its fiduciary responsibilities in relation to corporate accounting and reporting practices.

The Audit Committee's responsibilities are to oversee and review:

- i. The reporting process and to provide an objective review of the financial information presented by management to the Board and for presentation to shareholders, regulatory authorities and the general public;
- ii. The existence and maintenance of internal controls and accounting systems;
- iii. The scope and effectiveness of the external audit;
- iv. The appointment, performance and remuneration of external auditors; and
- v. To maintain lines of communication between the Board and the external auditors.

b) Nomination Committee:

The Nomination Committee's responsibilities include:

- i. Reviewing and making recommendations to the Board with respect to the size and composition of the Board, including reviewing Board succession plans and the succession of the Chairman and CEO;
- ii. Reviewing and making recommendations to the Board with respect to the criteria for Board membership, including an assessment of necessary and desirable competencies of Board members;
- iii. Reviewing and making recommendations to the Board with respect to the membership of the Board, including recommendations for the appointment and re-election of directors, and proposing candidates for consideration by the Board; and

- iv. Assisting the Board as required in relation to the performance evaluation of the Board, its committees and individual directors.

c) Remuneration Committee:

The Remuneration Committee's responsibilities are to:

- i. Make recommendations to the Board on the appointment of the CEO;
- ii. Review and make recommendations on the remuneration strategy and packages for the CEO and other senior executives; and
- iii. Make recommendations to the Board on session planning for senior executives.

d) Risk Management Committee:

The Risk Management Committee is responsible for:

- i. Oversight of the assessment and management of material business risks, including advising the Board as to risk management policies and disclosure requirements relating to risk management;
- ii. Oversight of the establishment and implementation of a Risk Management Framework, including approving reporting guidelines and risk management policies and monitoring compliance with those policies; and
- iii. Reviewing the effectiveness of the Risk Management Framework, including the Company's risk management, internal compliance and control policies and procedures, in identifying and managing risks and controlling internal processes.

In addition, the Risk Management Committee is responsible for oversight of the Company's accreditation programs and continuous quality improvement systems, occupational health and safety policies and the review of clinical and infection control procedures. The Committee also oversees the process designed to verify the credentials of medical practitioners who use the Company's facilities, and receives reports from each hospital's medical advisory board.

2.6.2 CEO & Management Delegations

The Board delegates the responsibility for the day-to-day management of the Company to the CEO, who is assisted by the Chief Financial Officer (CFO).

The CEO must consult with the Chairman or Deputy Chairman on any matters, which the CEO considers are of such a sensitive, extraordinary or strategic nature as to warrant the attention of the Board regardless of value.

The authorisation thresholds for the control of expenditure and capital commitments have been established and defined in the Company's policy on Delegated Authorities and are otherwise delegated to the Audit Committee. Subject to these policy limits and the directions of the Audit Committee, the CEO may sub-delegate the day-to-day running of the Company to the senior executive team.

The exercise of delegated authority is restricted to specific organisational functions and roles, including, determining conditions of employment, the write off of assets, instructing external advisers, property transactions, taxation payments, treasury transactions and dealings (contractual and otherwise) with other parties.

Special and routine capex proposals, which have investment or expenditure initiatives with direct or indirect exposure to the Company, above the CEO's approval threshold of \$1 million (or as otherwise provided in the Delegated Authorities policy), must be submitted to the Board for approval.

2.6.3 Continuous Disclosure

To ensure that the Company is meeting its obligations under the listing rules requirements of the Australian Securities Exchange and that price-sensitive information is released to market in a timely fashion, the Company has adopted a comprehensive continuous disclosure policy.

The ultimate responsibility for the management of continuous disclosure rest with the CEO and CFO.

3 Role of the Chairman

Under the constitution, the Board, each year, at the first meeting immediately following the Annual General Meeting elects the Chairman to hold office for the next twelve months.

The Chairman's responsibilities are to ensure that the Board discharges its role including:

- Chairing board and shareholder meetings;
- Providing the appropriate leadership to the Board and the Company;
- Facilitating Board discussions to ensure the core issues facing the organisation are addressed;
- Maintaining a regular dialogue and mentoring relationship with the CEO and Senior Executives;
- Monitoring the performance of the Board and individual directors; and
- Promoting the on-going effectiveness and development of the Board.

4 Role of the Deputy Chairman

The Deputy Chairman may be elected by the Board or appointed by the Chairman.

His responsibilities include:

- Chairing meetings in the absence of the Chairman; and
- Undertaking any other duties as required by the Board.

5 Role of the CEO

The management function is conducted by, or under the supervision of, the CEO as directed by the Board (and other officers to whom the management is properly delegated by the CEO).

The CEO is responsible to the Board for the overall development of strategy, management and performance of the Company. The CEO manages the organisation in accordance with the strategic business plans and policies approved by the Board to achieve the agreed goals.

6 Duties of Individual Directors

6.1 General Duties

Directors are subject to a range of duties under statute, common law, the ASX Listing Rules and policies adopted by the Company from time to time. The Company expects that Directors will take all reasonable steps to satisfy these duties.

6.2 Conflicts of Interest

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests. The *Corporations Act 2001 (Cth)* and the Company's Constitution requires Directors to disclose any conflicts of interest to the Board and, in certain circumstances, to abstain from participating in any discussion or voting on matters in which they have a material personal interest.

7 Role of the Company Secretary

The Board is supported by the Office of the Company Secretary which is accountable to the Board and is responsible for:

- Organising Board meetings;
- Preparing agendas and minutes;
- Preparing Board packs;
- Organising Directors' attendances;
- Providing a point of reference for all dealings between Board and Management;

- Communication with regulatory bodies and the ASX; and
- Attending to all statutory and other filings;

as well as ensuring compliance with the statutory requirements of the Corporations Act, the ASX Listing Rules and other regulatory bodies.

8 Evaluating Performance

The Board will undertake an annual assessment of its performance, including its performance against the requirements of this Charter and the performance of individual Committees.

Following each assessment, the Board will consider what, if any, actions need to be taken to improve its performance.

9 Company Policies

Directors and employees of the Company are expected to maintain standards of business conduct, which are ethical, and in this respect policies have been adopted on:

- Disclosure of conflicts of interest;
- Confidentiality;
- Trading in company securities by directors;
- Donations to political parties;
- Occupational health and safety;
- Equal employment opportunity and
- Continuous disclosure

10 Indemnities & Insurance

10.1 Directors' and Officers' Indemnity

The Company indemnifies each officer of the Company under rule 82 of the Constitution, to the maximum extent permitted by law against liability incurred in or arising out of the conduct of the business of the Company or a subsidiary of the Company, or in arising out of the discharge of the duties of the officer of the Company.

10.2 Deeds of Indemnity & Access

The Company has also executed deeds of indemnity in favour of each Director of the Company.

Each of these deeds provides an indemnity on substantially the same terms as the indemnity provided in the Constitution in favour of officers.

The deed of indemnity in favour of Directors also allows each Director to access, inspect and make copies of the Company's books and Board Papers at reasonable times during their directorship. Under the deed, the Company undertakes to ensure that it will take out and maintain insurance cover for the Directors.

10.3 Directors' and Officers' Insurance

The Company maintains a Directors' and Officers' Insurance Policy that, subject to some exceptions, provides worldwide insurance cover to past, present or future Directors, Secretaries and Executive Officers of the Company and its subsidiaries for wrongful acts committed by them in their capacity as a director or officer of the Company or a subsidiary.



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