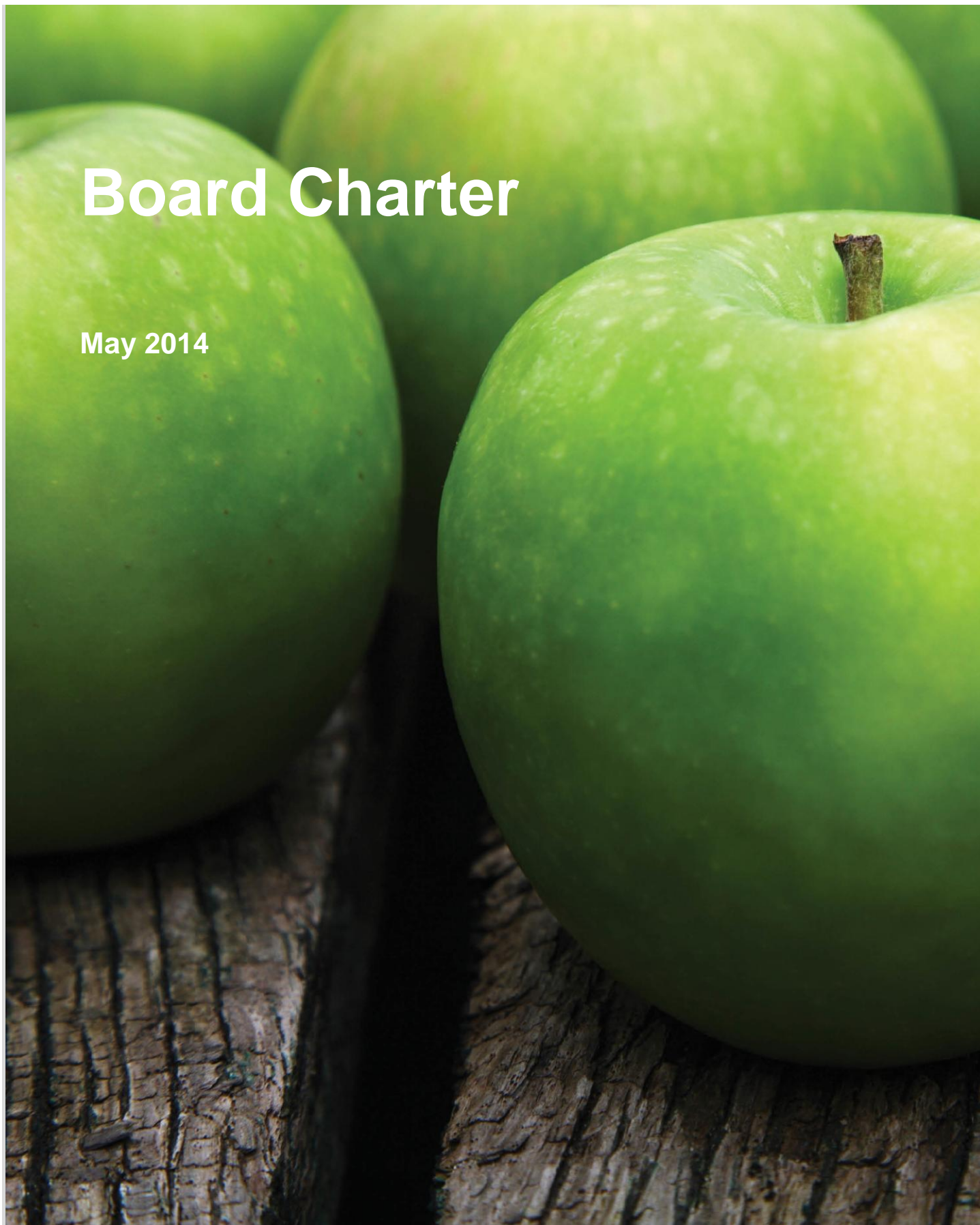


# Board Charter

May 2014



## Document History and Version Control

### Document History

Document Title: Board Charter  
 Document Type: Charter  
 Owner: Board [Company Secretary]  
 Description of content: Corporate Governance practices of the Board as a whole and its individual Directors.  
 Review Frequency: Annual  
 Date of next review: March 2015

### Document Approval

Title	Date
Board	March 2014

### Revision History

Version Number	Version Date	Revised By	Amendment Details/ Reason for Change
1.0	16/04/08	Board	Initial Version
2.0	19/02/10	Board	Annual Review
2.1	18/08/10	Board	Insertion Clause 3.7 – Structure of Decisions
2.2	March 2011	Board	Annual Review
2.3	March 2012	Board	Annual Review
2.4	May 2013	Board	Annual Review
2.5	March 2014	Board	Annual Review

Approved by the Board at Meeting #1523, Item 10.2 as follows –

**“It Was Resolved** to approve the revised Board Charter.”

Approved by: ..... Title: .....

## CONTENTS

- 1 Introduction**
- 2 The Board**
  - 2.1 Composition of the Board
  - 2.2 Powers reserved for the Board
  - 2.3 Delegations of Authority to the CEO
  - 2.4 Role of the Chairperson
  - 2.5 Role of the Chief Executive Officer
  - 2.6 Committees of the Board
  - 2.7 The Board and Senior Management
  - 2.8 Media Spokesperson
  - 2.9 Right to independent advise
  - 2.10 Confidentiality
- 3 Board Meetings**
  - 3.1 Emerging Issues
  - 3.2 Disclosure of Interest
  - 3.3 Meeting frequency
  - 3.4 Recording of Board Minutes
  - 3.5 Board Agenda
  - 3.6 Meeting Procedures
  - 3.7 Board Decisions
- 4 Directors Induction and Training**
  - 4.1 Induction
  - 4.2 Training
- 5 Board and CEO Evaluation**
  - 5.1 Board Evaluation
  - 5.2 CEO Evaluation
- 6 Remuneration Policy**
  - 6.1 Director Remuneration
  - 6.2 CEO remuneration
- 7 Corporate Culture**
- 8 Risk Management Policy**
- 9 Auditing**
- 10 Deed of Insurance, Indemnity and Access**
- 11 Policies and Procedures**
- 12 Ethical standards and values**
- 13 Review and Publication of the Board Charter**

## 1. Introduction

This Charter outlines the main corporate governance practices that are in place for the Railway & Transport Health Fund Ltd. (**the Company**) and to which both the Board collectively and the Directors individually are committed.

The conduct of the Board is also governed by the Constitution, and, to the extent that the terms of the Constitution are inconsistent with this document, the Constitution is to prevail.

The Board will, in carrying out its function and exercising its powers, at all times fulfil its overriding responsibility to act honestly, conscientiously and fairly, in accordance with the law and in the best interests of the members of the Company.

The Company currently runs, for the benefit of its members, the rthealth fund (the Fund) which is a restricted access Health Benefits Fund established under the Private Health Insurance legislation.

## 2. The Board

### 2.1 Composition and role of the Board

The composition of the Board shall be in accordance with the Constitution of the Company.

The role of the Board can be summarized into four responsibilities:

1. With the CEO, set the Strategic Vision, Mission and Values for the Company and create the Strategic Plan to achieve that vision.
2. Appoint, mentor, support and if necessary remove the CEO.
3. Monitor the performance of the Company and check progress against the Strategic Plan.
4. Set the Governance Framework including setting the culture and the ethics for the Company.

### 2.2 Powers reserved for the Board

In addition to matters expressly required by law to be approved by the Board, the Board has determined it wishes to retain decision-making of certain specific authorities. These authorities are listed and covered in the Fund's corporate governance policy and framework, such authorities evidenced by documents which taken together form 'key corporate governance' documents.

The following powers of review and approval are specifically reserved for the Board:

- Corporate Governance Policy
- Charters of the Board and all Board Committees

- appointment and removal of members to all Board Committees;
- creation or abolition of any Board Committee or changes to the membership of any Committee;
- Board Code of Conduct
- Directors and Officers Liability Insurance, Deeds of Access and Indemnity
- Director Induction guidelines
- Annual financial statements and directors' report
- Annual Operating and Capital Budgets
- appointing, assessing the performance of, and if necessary removing, the CEO
- Breach Handling
- Capital Management
- Complaint Resolution
- Compliance Policy
- Conflict of Interest
- Controlled Documents Policy
- Delegations of Authority
- Employee Code of Conduct
- Executive Remuneration, including that of the CEO
- Fit and Proper Person
- Fraud and Corruption
- Investment
- Mergers and Acquisitions
- Work Health and Safety
- Privacy
- Risk Management Framework, and Risk Profile
- Strategic Plan and Business Plan [Operating Budget]
- Whistleblower

### 2.3 Delegations of Authority to the Chief Executive Officer (CEO)

To provide clarity in delineating the roles of the Board and Management, the Board has delegated some powers to the CEO. The CEO has authority to act and make decisions on behalf of the Fund within these delegated powers. Powers reserved for the Board are implicitly exempt from delegation to the CEO. Delegated powers relate to those decisions that bind or commit the company.

The powers, which the Board delegates to the CEO, are set out below. The CEO is:

- appointed the Public Officer of the Fund;
- responsible for full implementation of directions and resolutions of the Board;
- responsible for reporting to the Board on the progress of projects, resolutions and directions as directed by the Board, the financial viability of the Fund, and any other matters that the Board should be aware of in relation to the operation or effects on the Fund;
- responsible for provision of timely and accurate information to the Board, the Remuneration, Nominations and Constitution Committee,

Initial ...JEH...

- the Audit and Risk Committee, Business Development Committee and any other Board committee formed from time to time;
- responsible for ensuring the Fund complies with obligations in relation all relevant regulatory bodies, such as PHIAC, ASIC, PHIO and others; and
- carrying out the duties and responsibilities of the position of the CEO as per the agreed Position Description.

## 2.4 Role of the Chair

The Chair has been described as “first among equals” and is appointed to the role of Chair by fellow Board members.

### *Inside the Boardroom*

- Leading, guiding and motivating board members ensuring a high level of morale and commitment
- where appropriate dealing with correspondence
- Acting as an important link between the board and the company without inhibiting direct access to fellow directors.
- Establishing and maintaining an effective working relationship with the CEO.
- Setting the tone for the board, including the establishment of a common purpose.
- Chairing board meetings efficiently and shaping the agenda in relation to goals, strategy, budget and executive performance.
- Obtaining appropriate information to present to the board.
- Ensuring contributions by all board members and reaching consensus when making decisions.
- Providing feedback to directors on their performance and particularly new directors to assist with areas of focus for their personal development plan
- Instituting the process of appraising the performance of board members individually and the board as a whole.
- Overseeing the negotiations for the CEO’s employment and evaluation of the CEO’s performance.
- Ensure planning for the succession of executive managers, including the CEO is undertaken.
- Assisting with the selection of board committee members.

### *Outside the Boardroom*

- Chairing the Annual General Meeting (AGM).
- When required, speaking on behalf of the board.
- Enhance relations with members, staff and stakeholders generally.

## 2.5 Role of the CEO

The CEO is expected to provide;

- Leadership of the Fund and the Executive Management Team;
- Creation of the Strategic Plan in conjunction with the Board;
- Management of the Fund performance including operational performance;

- Financial planning and management; and
- Business growth and development

The CEO's position description will be determined by the Board.

## 2.6 Committees of the Board

The Board has established committees to assist it in carrying out its role. Each Committee shall be required to adopt a Charter approved by the Board, which sets out its composition, objectives, responsibilities and other relevant matters relating to effective operation. The establishment of a committee in no way reduces the Board's responsibility.

The Board has established the following standing committees;

- Audit and Risk Committee.
- Remuneration, Nominations and Constitution Committee.
- Business Development Committee

## 2.7 The Board and Executive Management

Executive Management prepare papers for Board Meetings as appropriate and are available at the request of Directors to present or answer questions relating to their area of expertise. This provides an opportunity for Board Members to have access to executive management.

Subject to the formal delegations of authority referred to above, the Board has delegated responsibility for the operation and management of the company's business to the CEO and the Executive Management team.

Executive Management is accountable to the Board and is to fulfill their responsibility through the provision of timely reports, briefings and presentations on a regular basis throughout the year.

The Board will adopt appropriate structures and procedures to ensure it retains its independence and functions independently of management. This includes non-executive directors meeting in the absence of management at the commencement of each Board meeting.

## 2.8 Media Spokesperson

The CEO will usually be the chief spokesperson for the Fund except in certain circumstances where the Chair may elect to speak on behalf of the company or the Fund. All press releases shall be in accordance with the Fund Media policy.

## 2.9 Right to independent advice

Directors are reasonably entitled to seek independent advice at the company's expense, subject to prior approval of the Board.

A copy of the advice received by the Director will be made available to all members of the Board at the same time as it is received by the Director who requested the advice

### 2.10 Confidentiality

All information acquired by Directors during their appointment is confidential to the Company and is not to be released at any time, either during the term of director's appointment or following their termination, without prior clearance from the Board.

## 3. Board Meetings

Board Meetings are organized and conducted in a manner consistent with the Corporate Governance Policy of the Fund.

### 3.1 Emerging Issues

Emerging issues are defined as issues, of critical importance, which have arisen since the previous board meeting. They are considered to be critical because they impact on the ability of the company to deliver its strategy. Any emerging issues will be included in the agenda of the next scheduled monthly Board meeting.

### 3.2 Disclosure of Interest

As required by the Constitution of the Company, all Directors have a legal obligation to disclose to all other Directors, any material personal interests which relates to the business of the Company. When an issue arises at a Board Meeting relating to such an interest, the director will not attend the meeting while that matter is discussed and may not vote on such an issue. The Director will not receive the Board papers or minutes relating to that issue.

Directors have an obligation to disclose to all other Directors, any other interest, which the Director believes or may reasonably believe, is appropriate to disclose in order to ensure that there is no actual or perceived conflict of interest that could interfere with their independence.

A standing item at each meeting will canvass for any declaration.

### 3.3 Meeting frequency

In accordance with the Constitution of the Company, the Board shall meet when necessary to carry out the efficient operation of the Company.

### 3.4 Recording of Board Minutes

Board minutes are to be recorded in such a way that the reasons for the Board's decision are evident either in the minute itself or by reference to clearly referenced Board Papers. It is the role of the Company Secretary to prepare the Board Minutes. The Board minutes shall include;

- A brief reference to the background information relating to the nature of the matter to be discussed.
- If any, Director's declarations of personal interest;



Initial ...JEH...

- The actual decisions made by the Board and the facts and reasons on which they were based; and
- Action plans and responsibilities for implementation.

The minutes shall not paraphrase or record verbatim what was said. If one or more directors ask that their opinion be noted in the minutes, the Secretary is to comply with the request.

Draft minutes are to be provided by the Company Secretary to the Chair for review within 5 working days following the Board meeting. After review by the Chair and any amendments made, the Company Secretary will circulate the draft minutes to all Directors within 2 working days. Minutes of meetings will form part of the Board's papers for the subsequent Board Meeting and will be confirmed at that meeting. Once signed by the Chair, the minutes are regarded as an authoritative and accurate record of the decisions taken.

### 3.5 Board Agenda

The Chair in conjunction with the Company Secretary shall develop the Board agenda, taking into account suggestions from Directors and Management.

The Board annual calendar for recurring agenda items, which are required to come before the board in any one year is to be maintained by the Company Secretary.

### 3.6 Meeting Procedures

To ensure Board Meetings are efficient and constructive, Directors have adopted the following procedures;

- Proper and timely notice of meetings is provided to directors in accordance with the company's constitution, with an outline of proposed business;
- An action list is maintained by the Company Secretary in concert with the CEO to ensure all outstanding items are dealt with. This list is attached to the Board Papers;
- A quorum is maintained throughout the meeting;

A standing agenda item at each board meeting shall be the declaration of any of the following -

- Consider their disclosure obligations under relevant legislation, regulation and Fund Policies and Procedures,
- Declare to the best of their knowledge and belief any material personal interests, conflicts, or likely breaches of which they are aware which may have a material affect on the operations, financial condition or reputation of the Fund,
- Agree that there is no known, actual or potential conflict of interest or issue in respect of matters to be considered at the meeting, and
- Consider any disclosures required under *Private Health Insurance (Insurer Obligation) Rules 2009 (PHI Rules)*

- A general business item is on the agenda so that directors may, at the commencement of the meeting, add items for discussion or information; and
- The minutes are recorded by the Company Secretary, in such a way that resolutions can be actioned and monitored.

### 3.7 Board Decisions

To ensure that decisions of the Board are obtained by using principles of good governance, the following procedures are to apply in the decision making processes of the Directors;

- The Board, having reviewed the information provided in support of a required decision, will determine that the information is adequate and complete to the extent appropriate to the purposes of the decision including its nature and complexity.
- Where a Director is of the view that insufficient information has been provided in a submission, the Board will agree the nature, extent and timing of additional information to be submitted before the matter is re considered.
- Where information is provided by Management, that Management also makes a recommendation on the decision required.
- After putting the recommended resolution covering a decision to Directors, the Chair will invite voting by a show of hands.
- The Chairman will determine the outcome of the show of hands and declare the vote to the meeting.
- Resolutions and decisions of the Board will be by simple majority vote, with the Chair, should he or she so desire, possessing a casting vote in event the vote is tied
- Any Director dissenting on a decision has the right to have their vote recorded against their name in the minutes of the meeting.

## 4. Directors Induction and Training

### 4.1 Induction

Potential Directors of the Company are to be provided with adequate information in relation to the Company. The information is to be appropriate for them to conduct a due diligence of the Company. Following their appointment, Directors of the Company shall be given an induction course in relation to the Company, appropriate for them to discharge their responsibilities whilst in office.

Director induction shall be in accordance with the Director Induction Guidelines approved by the Board from time to time.

## 4.2 Training

Directors are provided access to continuing education in relation to the Company or the Fund. Education extends to its business, the industry in which it operates, and generally information required by them to discharge the responsibilities of their office.

Directors are to actively pursue opportunities for self-development, so that they can add value to the company's operations through diligent contribution to board deliberations.

The Company Secretary will, upon a request from an individual Director, arrange for the Director to attend development programs as approved by the Board.

## 5. Board and CEO Evaluation

### 5.1 Board Evaluation

The Board will undertake an annual review process. The Board may engage external consultants to facilitate Board.

The Board evaluation shall include the following:

- Determination of the Board's objectives for the following year;
- Comparison of the Board's practices with its charter requirement;
- Identification of any enhancements to the Board's charter;
- The review and implementation of governance practices designed to enhance the Board's effectiveness; and
- Review of the performance of individual directors.

### 5.2 CEO Evaluation

The Chair together with the Chair of the Remuneration, Nominations and Constitution Committee will meet with the CEO annually to review the performance of the CEO.

## 6. Remuneration Policy

### 6.1 Director Remuneration

The aggregate remuneration of Directors of the Company shall be reviewed periodically by the Remuneration, Nominations and Constitution Committee.

As required by the Company's constitution, the aggregate sum of remuneration of the Board is varied annually in accordance with the resolution of Members at the 2012 Annual General Meeting.

The Board shall determine how their remuneration is to be apportioned amongst directors and position holders.

## 6.2 CEO remuneration

The Chair together with the Remuneration, Nominations and Constitution Committee will review the remuneration of the CEO in accordance with the charter of that Committee.

## 7. Corporate Culture

The Employee Code of Conduct shall be set out in the Fund Code of Conduct policy.

## 8. Risk Management Policy

The Company has established a Risk Management Framework and process in accordance with the Risk Management Standard (ISO [AS/NZS] 31000: 2009). This has been approved by the Board.

## 9. Auditing

### 9.1. External Auditor

The Audit and Risk Committee will make recommendations to the Board on the appointment, and where necessary, the removal of the External Auditor. At the request of the Audit and Risk Committee, the External Auditor will meet with the Audit and Risk Committee, without management present.

### 9.2. Internal Auditor

The Internal Auditor will be an employee of the Fund.

On internal audit matters, the Internal Auditor will report to the Chair of the Audit and Risk Committee, and to the Chief Financial Officer on administrative matters. On matters of administrative policy the Internal Auditor reports to the CEO, to whom he has unfettered access,

At the request of the Audit and Risk Committee or the Internal Auditor, the Internal Auditor will meet with the Audit and Risk Committee, without management present.

## 10. Deed of Insurance Indemnity and Deed of Access

To the extent allowed by law, the Company shall provide a Deed of Insurance, Indemnity and Access to insure and indemnify Directors and Officers in carrying their responsibilities and also to provide Directors with access to Board papers and relevant documents whilst they are a director and for a period of 7 years after their term as a director ceases, or any action in which the Director is involved ceases, whichever is the latter. The terms and conditions of the deed will be approved by the Board and then provided to each Director for their acceptance and signature.

## 11. Policies and Procedures

The Fund has a list of Policies and Procedures identified in the Governance Chart and Controlled Documents Policy, which the Board systematically reviews in accordance with its Risk Management Policy and procedure.

The Policies and Procedures provide management with limits and guidelines within which to make decisions, based on the Board's view of how business is to be conducted.

## 12. Ethical standards and values

All Directors and all Officers of the Company must act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company and, where possible, to act in accordance with the relevant interests of members, staff, clients and all other stakeholders in the Company.

Directors have an obligation to be diligent and independent in judgment and actions, and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

The Directors must comply with the Code of Conduct in the exercise of their duties.

## 13. Review and Publication of the Board Charter

The Board will review and assess the adequacy of the Board's Charter annually and make any appropriate revisions.

A Copy of the Charter and the Charters for Board Committees are to be made available on the Fund's Internet site.

This Board Charter (as amended) was approved by resolution of the Board of Directors on 19 March 2014

In Witness Hereof,

.....  
John E Hartigan, Secretary