

# Remuneration committee charter

## 1. Constitution

The Group Remuneration Committee shall be a committee of the Board of Southern Cross Medical Care Society and the Board of Southern Cross Health Trust, established by those Boards. The committee is responsible to and will report to both of these Boards.

## 2. Objectives

The objectives of the committee are to:

- Provide advice to the Boards on the remuneration, employment conditions, development and performance management of the organisation's Group Chief Executive Officer (Group CEO) and Business CEO's, and
- provide advice to the Boards on Group-wide remuneration and HR related issues.

In pursuing these objectives, the committee may obtain advice from suitably qualified Independent Advisor(s).

## 3. Membership

The members of the Group Remuneration Committee shall comprise members of the Boards appointed by the Boards.

The number of members of the committee shall be not less than three Directors/Trustees, one of whom shall be the Chairman of the Boards.

The Boards shall appoint a Chairman from the Directors/Trustees appointed to the committee.

## 4. Meetings of the Committee

A quorum of members of the committee shall be not less than two.

All Directors/Trustees shall be entitled to attend meetings of the committee.

In addition to its regular meetings the committee may elect to consider items by circulation. A response from all members is required for any item considered by circulation out-of-session.

The Secretary to the Boards or his nominee shall act as secretary to the Group Remuneration Committee. The Secretary will ensure that:

- The meeting agenda is agreed with the committee Chairman
- any required papers are prepared and circulated to committee members at least 7 working days before each meeting, and
- an accurate record of the committee's decisions is maintained for referral to the next meeting of the full Boards.

Minutes of all Committee meetings shall be kept.

The Group CEO will attend committee meetings except where conflicted for personal reasons or unavailable. The Independent Advisor(s) and other members of the senior executive may be required to attend from time to time, at the committee Chairman's request.

Reasonable notice of meetings and the business to be conducted shall be given to members of the committee and the Group CEO.

Meetings shall be held not less than three times a year:

- Prior to year end to establish performance objectives for the next financial year, set remuneration and approve the annual training and development plan
- after the Boards meet to approve the annual financial statements, to review recommendations for any bonus or at risk payments for the Group CEO and the Business CEO's
- to undertake an annual review of the Group CEO's and Business CEO's contract of employment, performance, and eligibility for at risk bonus pay, the results of which to be communicated to the Group CEO/Business CEO's by the respective Board Chairman; except that the Hospitals Board Chairman will communicate with the CEO Hospitals, and
- to undertake an annual review of the committee's objectives, responsibilities and terms of reference, and any subsidiary Remuneration Committee Charters.

Any member of the committee or the Group CEO may request a meeting at any time if they consider it necessary.

## **5. Responsibilities**

The responsibilities of the committee are as follows:

### **5.1 Independent Advisor(s)**

- Consider and recommend to the Boards the selection and appointment of an Independent Advisor(s), and
- liaise with the Independent Advisor(s), as required.

### **5.2 Group Chief Executive Officer**

- Set and review annually, in accordance with the Group's remuneration policies and practices, all components of the remuneration of the Group CEO's contract of employment
- establish a performance agreement with the Group CEO on an annual basis, incorporating key performance measures that will enable the Board to assess the performance of the Group CEO against the criteria in the performance agreement
- in association with the Chairman of the Board, conduct an annual review of the Group CEO's performance against criteria in the performance agreement, and
- provide annually recommendations to the Board on the level of any at risk or bonus payments to be made to the Group CEO.

### **5.3 Business CEOs**

- Review annually, in accordance with the Group's remuneration policies and practices, all components of the proposed remuneration packages and employment contracts for Business CEO's, based on advice from the Group CEO and in accordance with conditions and remuneration parameters established for each position
- ensure appropriate performance agreements have been established for the Business CEO's incorporating key performance measures that will enable the Group CEO and/or any subsidiary Remuneration Committee to make recommendations on their assessment of a Business CEO's performance, and to determine their eligibility for any at risk or bonus payments provided for in their employment contracts, and
- review proposals from the Group CEO and/or any subsidiary Remuneration Committee on any at risk or performance-related payments to be made to any of the Business CEO's

- consider any recommendations made by subsidiary Remuneration Committees regarding Business CEO's employment matters, remuneration and performance management.

#### **5.4 Human Resource Management**

Review and recommend to the Board the adoption of group-wide HR policies or standard terms and conditions that will normally apply in any individual contract of employment offered by Southern Cross.

#### **5.5 Other**

- Address any other remuneration, performance management or other employment related matters that may from time to time be raised with the committee by any Director/Trustee in the Southern Cross Group, or the Group CEO
- address any other HR matter which may have implications across the Group (e.g. remuneration and incentive structures and payments).

### **6. Authority**

The committee is authorised by the Boards to investigate any activity within its terms of reference.

The committee will have a clear understanding with the Independent Advisor(s) that he/she is accountable to the Board of Directors/Trustees and the Group Remuneration Committee, who have the ultimate authority to engage, evaluate and, if appropriate, to terminate their services.

The committee will make recommendations to the Boards on all matters requiring a decision and does not have the power or authority to make a decision in the Boards' name or on its behalf.

### **7. Reporting procedures**

The committee shall maintain direct lines of communication with the Independent Advisor(s) and Group CEO.

After each committee meeting, the committee Chairman shall report the committee's findings and recommendations to the Boards.