

# Southern Cross Health Trust

## Statement of corporate governance

The Southern Cross Health Trust is a Charitable Trust registered as a charitable entity under the Charities Act 2005. Its purpose is to assist in the provision of medical facilities, services and research to supplement those provided by the Government. The Trust also undertakes ancillary activities to provide funding streams to assist it to achieve its charitable objects.

The Trust adheres to principles designed to further its charitable objects and to ensure good corporate governance of its affairs.

### Board role and charter

The Trust is governed by a Board of Trustees in accordance with the Trust Deed establishing the Southern Cross Health Trust, and the Board Charter. Subsidiary Boards operate in accordance with the Trust Board Charter or (in the case of Southern Cross Benefits Limited) their own Board Charter. The Trust and its subsidiaries exist to further the Trust's charitable purposes in accordance with the Trust Deed.

The Board Charter describes the purpose and objects of the Trust and its subsidiaries, the Board's role and governance processes, and the Board's relationship with management. The role of the Trust Board is to manage the Trust fund to fulfil the charitable purpose and objects for which the Trust was established. The Board directs and supervises the management of the Trust and its businesses, including:

- Ensuring the Trust and subsidiaries meet their statutory obligations under the Charities Act 2005
- Ensuring the purpose and objects of the Trust are understood and that strategies, business plans and budgets are in place to achieve them
- Establishing policies for strengthening the performance of the Trust, including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new products and development of its business capital
- Monitoring the performance of management
- Appointing the Chief Executive Officer
- Deciding on whichever steps are necessary to protect the financial position of the Trust and subsidiaries
- Ensuring the Trust's financial statements are true and fair and otherwise conform with law
- Ensuring that the Trust and subsidiaries adopt and adhere to all Southern Cross Healthcare Group policies and strategies as they relate to the Trust and subsidiaries
- Ensuring the Board and management adhere to high standards of ethics and corporate behaviour
- Establishing the Trust's overall risk appetite and ensuring appropriate risk management and regulatory compliance policies and procedures are in place.

The Board endorses the principles set out in the Code of Practice for Directors as adopted and approved by the Institute of Directors in New Zealand Inc. The Board has also adopted its own Code of Conduct to provide guidance to the Board, management and employees on how it expects them to conduct themselves when undertaking business on behalf of the Trust and its subsidiaries.

The Trustees in office as at 1 June 2019 are:

Gregory Gent (Chairman)  
Catherine Drayton  
Elizabeth (Liz) Hickey  
Dr Martin Misur  
Dr Arthur Morris  
Keith Taylor

Trustees may also be appointed to serve as Directors of Trust subsidiaries. No remuneration is paid to Directors of Trust subsidiaries.

All Board members disclose any actual or potential conflicts of interest. Should a conflict of interest arise during the course of Board business the affected Board member is expected to excuse him or herself from the discussion and does not vote on those matters.

The Board meets formally on a regular scheduled basis and holds additional meetings as required. At each formal meeting the agenda will include a report from the CEO and management covering operational and financial performance of the Trust and subsidiaries, capital expenditure proposals, and strategic issues and opportunities. At intervals of not greater than one year the Board will review the strategies and business plans of the business, approve budgets and financial statements, and undertake other activities listed in the Board Charter.

## Delegation framework

Responsibility for the day-to-day management of the Trust is delegated by the Board to the CEO. Responsibility for the day-to-day management of Trust subsidiaries is delegated by the subsidiary Boards to the subsidiary CEOs. The CEOs are expected to manage their businesses in accordance with the strategy, plans, budgets and the specific delegated authorities approved by their Boards.

## Committees

The Board forms committees when it is efficient or necessary to facilitate decision making. The Trust Board has two standing committees:

### **Audit and Risk Committee**

The Audit and Risk Committee's objectives are to assist the Board in discharging its responsibilities to exercise due care, diligence and skill in relation to oversight of financial functions, internal and external audit functions and risk management. Specific responsibilities include reviewing the content and disclosure of the Annual Report's Financial Statements; ensuring the Board makes informed decisions regarding accounting policies, practices and disclosures; recommending the appointment of external and internal auditors; reviewing the annual external and internal audit plans; ensuring that adequate internal controls are in place; ensuring management has established a risk management framework to effectively identify, treat, monitor and report key business risks; and reviewing health and safety objectives and management systems. The Audit and Risk Committee comprises Liz Hickey (Chair), Catherine Drayton, Greg Gent, Arthur Morris and Keith Taylor.

### **Remuneration and Human Resources Committee**

The Remuneration and Human Resources Committee's objectives include providing advice to the Trust Board in relation to the remuneration, employment conditions, development and performance management of the CEO, and other employment-related matters including standard terms and conditions of employment. Members of this Committee are Greg Gent (Chair), Catherine Drayton, Martin Misur and Keith Taylor.

## External audit independence

The Board is committed to auditor independence. The Audit and Risk Committee is responsible for making recommendations to the Board concerning the appointment of external auditors and their terms of engagement.

## Loans to Trustees

The Southern Cross Health Trust and subsidiaries do not make loans to Board members.