

# **BOARD CHARTER**

## **THE SOCIETY OF HOSPITAL PHARMACISTS OF AUSTRALIA**

### **1. INTRODUCTION**

This Charter is intended to assist Directors to fulfil their corporate responsibilities. It is a declaration of the Board's understanding and acceptance of its role and responsibilities. It is also a document designed for external stakeholders to show that the Board is clear on, and accountable for, its corporate responsibilities.

This Board Charter (Charter) sets out the main principles governing SHPA and its Board. It details the role and responsibilities of the Board and its delegated authority to Management.

#### *Directors:*

All Directors elected or appointed to the Board of Directors (Board) are committed to overseeing the interests of The Society of Hospital Pharmacists of Australia (SHPA), including progressing the organisation's vision, mission and objectives, and the legal, financial and ethical duties that come with being a reputable non-profit organisation.

Each Director agrees to meet their obligations to SHPA in accordance with its Values and this Charter, and the legislation that sets out the duties of a Director.

Directors agree to uphold and honour their fiduciary duties to the best of their abilities, to effectively serve SHPA's members, staff and stakeholders.

#### *Charter Context:*

This Charter complements and should be read in conjunction with the Constitution and other policies approved by the Board.

The Constitution takes precedence over this Charter in the event of inconsistency. The Constitution sets out the following purposes of SHPA:

#### **Purposes**

The overriding purpose of the Society, to which all purposes are directed, is to improve outcomes from medicines use within hospitals and/or other healthcare facilities or settings where pharmacists and other health professionals practise.

The focus of the Society and the purposes is on the utilisation of the full range of skills and expertise of the pharmacist in medicines management to improve health outcomes, whether working independently or with other members of the healthcare team.

#### **Context**

Recognising the changing nature of healthcare, all purposes are intended to be applied in all settings of healthcare delivery, including the home.

In view of the above matters, the Objects of the Society are:

- (a) To promote the safe and effective use of medicines by individuals and the wider community throughout all steps of the medicines management pathway and its background processes, by contributing the expertise of pharmacists and the membership.

- (b) To support pharmacists and the membership to work ethically, responsibly, competently and to high professional standards when delivering healthcare and providing advice to individuals and the wider community.
- (c) To contribute to the work of government and regulatory bodies in the development of laws, policies and practices to improve safety and the controls regarding the review, supply and preparation of medicines used in health care.
- (d) To provide information to members of the healthcare team to use medicines safely and to support the safe administration and use of medicines by individuals.
- (e) To provide information to others about the professional contributions that can be made by pharmacists to improve health outcomes and to provide relevant input to improve the systems of healthcare delivery.
- (f) To develop practice standards for the pharmacist's role in supporting the safe and effective use of medicines, throughout the medicines management pathway, especially in hospitals and other healthcare settings.
- (g) To promote and develop educational opportunities for pharmacists and others involved in medicines use to improve the quality of care delivered to individuals and/or to improve the safe and effective use of medicines by the wider community.
- (h) To promote competency frameworks and peer review for pharmacists and others to enable them to improve their contribution to the safe and effective use of medicines for the individual, the wider community or by a healthcare facility.
- (i) To foster, coordinate and support research that contributes to the body of knowledge about the use of medicines, service delivery models and the systems of healthcare to improve health outcomes with a focus on medicines management.
- (j) To promote closer relationships and co-operation between SHPA members and other healthcare providers, professional, consumer and carer organisations, government bodies and others to improve the safe and effective use of medicines.
- (k) promote and develop the effective, safe and culturally appropriate use of medicines by Aboriginal and Torres Strait Islander persons.

This Charter is subject to the *Corporations Act 2001 (Cth)*, the *Australian Charities and Not-for-profits Commission Act 2012 (Cth) (ACNC Act)* and SHPA's Constitution. The purpose of this Board Charter is to:

- Formalise procedures to help ensure that the Board acts in a transparent and dutiful manner in both its internal and external dealings.
- Ensure that appropriate checks and balances are in place to monitor SHPA's operations of the business, and those charged with its management.

## **2. REGISTRATIONS AND LEGISLATION**

SHPA was incorporated on 3 August 1962 as a public company limited by guarantee under the *Corporations Act 2001 (Cth)* (Corporations Act).

SHPA was registered as a not-for-profit health promotion charity under the *Australian Charities and Not-for-Profits Commission Act 2012 (Cth)* (ACNC Act), with the Australian Charities and Not-for-profits Commission (ACNC) on 3 December 2012. The ACNC is SHPA's primary regulator.

SHPA maintains subsidiary company, Pharmacy Development Australia (registered with ASIC on 29 August 2017).

## **3. GOVERNANCE ROLES**

### **3.1 Board Composition**

The Constitution requires that SHPA has a Board of up to ten Directors, made up of one Director per Branch who is a Full Pharmacist Member of that Branch, elected by the voting Members from all Branches AND

further Directors appointed by the Board in accordance with clause 7.3 (Appointed Directors) so that the total number of Directors is 10 or less.

Branches consist of:

Australian Capital Territory Branch;

New South Wales Branch;

Queensland Branch;

South Australia and Northern Territory Branch;

Tasmania Branch;

Victoria Branch; and

Western Australia Branch.

### **Director Independence**

Directors will in principle follow the ASX recommendations for independent directors whether elected or appointed, which state a Director will be considered independent if they:

- a. Have not, within the last three years, been a principal or a material professional adviser or a material consultant to the company, or an employee materially associated with the service provided
- b. Are not a material supplier or customer of the company, or an officer of or otherwise associated directly or indirectly with, a material supplier or customer
- c. Have no material contractual relationship with the company other than as a Director, and
- d. Are free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the company, for example, is not the Director or Officer of a competitor.

To ensure compliance:

- a) Directors are expected to advise the Chair immediately if they believe they are not or may no longer be independent
- b) Should the Chair or any Director have concerns about the independence of a Director, they must immediately raise the issue with that Director and, if the issue is not resolved, with the Board
- c) Should the Chair have any concern about their independence, they must immediately raise the matter with the Board
- d) The judgement of the Directors by major vote is final on matters of Independence.

SHPA considers the length of service on the Board is not relevant to Director's independence.

### **3.2 The Role of the Board**

The Board is responsible for providing leadership to the company, and overseeing the overall strategy, governance and performance of SHPA. The key roles and responsibilities of the Board are to:

- Establish SHPA's mission, vision, goals and objectives.
- Establish, monitor and review SHPA's strategic direction
- Review and approve annual budgets, financial objectives, significant capital allocations and expenditures and major initiatives.
- Set, support and embody SHPA's culture.
- Ensure there are adequate resources to realise SHPA's mission, values, goals and objectives
- Ensure the maintenance of SHPA's status as a not-for-profit entity and registered charity.
- Recruit and support the Chief Executive Officer (CEO) and constructively monitor and assess his or her performance.
- Determine the terms of employment and remuneration of the CEO.
- Ensure that there are processes in place to identify, manage and monitor risks.
- Ensure SHPA's compliance with applicable laws and regulations, including ensuring its ability to meet its debts as and when they fall due.
- Ensure there are mechanisms for consultation with members and key stakeholders, and continuing accountability to them.

### **3.3 Role of the President**

The President is to be elected from the Elected Directors who are Full Pharmacist Members and may Chair any general meeting. Therefore, as Board Chair the President is responsible for leadership of the Board, for the efficient conduct of the Board's function and the briefing of all Directors in relation to issues arising at Board meetings.

The Board Chair's role is to:

- Preside over all Board meetings and general meetings of Members to ensure the effective conduct of these meetings.
- Provide leadership in formulating strategic direction.
- Foster a constructive governance culture and apply appropriate governance principles among Directors and with management.
- Ensure the Board is well informed and effective, and that the Directors, individually and collectively, can air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and the organisation as a whole.
- Ensure there are processes and procedures in place to evaluate the performance of the Board and its Committees.
- Contribute to advocacy activities such as in the areas of government relations and Member and key stakeholder engagement, and act as a spokesperson for SHPA at significant events.
- Provide the CEO with regular opportunities to discuss ideas and check directions, act as a supportive sounding board for the CEO, and provide oversight of and support CEO performance.

The President will be elected by the whole Board from the Elected Directors who are Full Pharmacist Members at the first meeting of the Board after any Annual General Meeting.

### **3.4 Role of the Vice President**

The Vice-President is to be elected from the Elected Directors who are Full Pharmacist Members. The role of the Vice President as Deputy Chair is to assist the Board Chair in performing their role, particularly with regard to governance matters. In addition, the Deputy Chair fulfils the responsibilities of the Board Chair in the event that the Chair has temporarily vacated their position or is not present at a meeting of Members or the Board.

The Vice-President will be elected by the whole Board from the Elected Directors who are Full Pharmacist Members at the first meeting of the Board after any Annual General Meeting.

### 3.5 Role of Individual Directors

As a Director of the Board of a charity registered with the Australian Charities and Not-for-profits Commission (ACNC), there are duties and responsibilities that come with the role, including various fiduciary duties owed to SHPA, which if breached, may lead to personal liability.

The ACNC Governance Standards set core, minimum standards that all charities must meet. Governance Standard 5 specifically requires that charities take reasonable steps to make sure that Members of their Governing Body know and understand their legal duties and carry out these duties accordingly. These specific duties include:

- **To act with reasonable care and diligence** – Directors must exercise their powers and duties with care and diligence that a reasonable person would if they were in the Directors' place.
- **To act with good faith in the best interests of the charity and for a proper purpose** – when acting as a Director, the individual must make decisions that are in the best interest of the charity and to further its charitable purpose.
- **Not to improperly use information or position** – any special knowledge that is gained as a Director must only be used for the benefit of the charity and never to further personal or other interest. Similarly, the position should not be used to improperly gain an advantage for the Director or someone else, or cause detriment to the charity.
- **To disclose conflicts of interest** – if the Director's duty to act in the best interests of the charity conflicts with (or may conflict with) any personal interests, this responsibility must be disclosed.
- **To ensure that financial affairs are managed responsibly** - there are systems and processes in place that ensure the charity's resources are being effectively put towards the charity's purpose and are protected from misuse.
- **Not to allow the charity to operate while insolvent** – ensure that the charity can pay its debts as and when they are due or will become due and that it does not continue to operate if it cannot pay its debts.

Each Director brings their own unique skills and experience. With a diversity of skills and experience, each Director is expected to contribute to the leadership and direction provided by the Board as a whole. The key roles and responsibilities of each Director are to:

- Contribute to the articulation of the organisations' strategic directions and priorities.
- Scrutinise the performance of management and monitor the reporting of performance.
- Participate in Board discussions providing constructive challenge, drawing on his/her skills, experience and background.
- Act in accordance with, and contribute to, the organisation's values and culture.
- Observe the highest level of business and professional ethics.
- Be independent in their judgement and actions.
- Manage conflicts of interest in accordance with the requirements of the Constitution, ACNC Governance Standards and the AHPRA/Pharmacy Board of Australia Code of Conduct and Conflict of Interest policy and procedures.
- Represent SHPA to Members, stakeholders and in the public arena, as required
- Serve on Board Committees, where required.
- Participate in Board induction, evaluation and training.

### 3.6 Appointment of Directors

The appointment and removal of Directors is subject to the Constitution. The Nominations Committee supports the Board by making recommendations on the appointment of Appointed/Independent Directors.

### **3.7 Role of the Company Secretary**

The Company Secretary is appointed and removed by the Board and is accountable directly to the Board, through the Board Chair, on all matters to do with the proper functioning of the Board and all governance matters. The Company Secretary is responsible for advising the Board on governance matters and ensuring there is a system of corporate governance and compliance in place.

The value of company secretaries is recognised in the ASX *Corporate Governance Council's Corporate Governance Principles and Recommendations* which state in the commentary to Recommendation 2.5:

*'The company secretary plays an important role in supporting the effectiveness of the board by monitoring that board policy and procedures are followed, and coordinating the timely completion and despatch of board agenda and briefing material. It is important that all directors have access to the company secretary. The appointment and removal of the company secretary should be a matter for decision by the board as a whole. The company secretary should be accountable to the board, through the chair, on all governance matters.'*

The Company Secretary ensures that the Board meets its statutory and regulatory corporate governance obligations and provides advice to Directors on matters including, but not limited to, risk management, corporate ethics, governance, compliance and insurance.

### **3.8 Role of the Chief Executive Officer**

Through the Board's delegation of authority, the CEO is responsible for the operational management of the organisation. The key roles and responsibilities of the CEO, with the support of the executive management team, are to:

- Develop and recommend to the Board the strategy, goals, and key performance Indicators for the organisation, and to implement these to ensure the operational success of the organisation.
- Develop and recommend to the Board the annual budgets that support the organisational strategy.
- Strive to achieve SHPA's key performance indicators and ensure that the day to day business affairs of the organisation are appropriately monitored and managed within the values, budget and risk appetite set by the Board.
- Ensure that SHPA has an effective management team and to effectively participate in the development and succession management of that team.
- Maintain a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse group of quality employees at all levels of the organisation.
- Formulate and oversee the implementation of operational policies.
- Provide the Board with accurate, timely and clear information on SHPA's operations to enable the Board to perform its responsibilities.
- Within the delegations of the Chair, serve as chief spokesperson for SHPA.

### **3.9 Relationship between the Board and the CEO**

Day to day management of the organisation is conducted by, or under the supervision of, the CEO as appointed by the Board.

Enquiries by Directors of management and by management of individual Directors should primarily be channelled via the Board Chair and CEO. Where there is any direct material contact

between individual Directors and executive management, the Board Chair and CEO should be kept informed by way of courtesy.

#### **4. KEY BOARD FUNCTIONS**

The Board is responsible for protecting SHPA's rights and interests and is accountable to the Members for the overall management of SHPA.

##### **4.1 Setting Strategy**

The Board will:

- Formulate, authorise and monitor SHPA's vision, mission and strategic objectives.
- Provide input that assists in identifying and understanding emerging trends and issues likely to affect the well-being of SHPA's Members and stakeholders.
- Agree the broad framework within which the strategic and business plans will be prepared each year.
- Recommend significant shifts in the broad strategic direction of SHPA to stakeholders.
- Ensure there are adequate internal controls and ethical standards of behaviour.
- Ensure the development of medium term and annual business plans.
- Review and approve SHPA's financial objectives, plans and actions, including significant capital allocations and expenditures; and
- Monitor the effectiveness of the governance policies under which it operates and make changes are required.

##### **4.2 Making Decisions and Delegating Authority**

The Board may delegate any of its powers to any Committee (except to Advisory Committees), Director, Employee or other persons for any period and on any terms (including the power to further delegate), as permitted in the Constitution and the Corporations Act. Matters reserved for the Board and those delegated to management are dealt with in the Board Delegations Policy.

Generally, matters that are of material, strategic or reputational importance, or which are either critical or potentially catastrophic in nature must be referred to the Board within appropriate timeframes. Operational matters will routinely be dealt with by management.

##### **4.3 CEO Authority**

As long as the CEO applies any reasonable interpretation of the Board's policies, they are authorised to establish all operational policies, make all operational decisions and design, implement and manage all operational practices and activities within his/her delegated authority.

##### **4.4 CEO Performance Assessment**

The Board will set and agree annual performance indicators with the CEO at the commencement of the performance year.

The CEO's performance will be evaluated annually by the Board against the achievement of agreed goals and performance indicators.

##### **4.5 Risk Management, Monitoring and Compliance**

The Board will:

- Establish and approve the organisation's risk appetite statement, risk framework and risk management strategy

- Review, challenge and provide oversight of the Company's risk management system and internal control systems.
- Review Management's implementation of those frameworks and systems in accordance with regulatory requirements.

The Board will ensure ethical behaviour and compliance with the SHPA's policies and statutes and regulations, audit and accounting principles, and SHPA's stated values and its governance documents. The Board will also ensure the integrity of SHPA's internal control and management information systems so that its decision-making capability and the accuracy of its reporting are maintained at a high level at all times.

#### **4.6 Policy Framework**

Where the Board sets governance policies and establishes the strategic direction including the development of SHPA's purpose, goals and objectives, the CEO designs and manages the day to day operational processes.

A Policy Framework is to be established to provide a register of each SHPA policy and shall detail (a) when each document was created and updated (b) when it requires review (c) who is responsible for it and (d) who administers it. A review of this register should occur at least once a year to ensure all policies are accurate, current and relevant.

Governance policies include (but are not limited to): Code of Conduct, Delegation of Authority, Financial Management, Investment Policy and Accounting Principles.

#### **4.7 Stakeholders and Partnerships**

It is recognised that SHPA would not be able to operate successfully without effective key stakeholder relationships, collaborations and partnerships.

The Board is responsible for ensuring that these relationships, collaborations and partnerships are established with the appropriate people and groups, and that they are well managed. The Board Chair and CEO play a significant role in the relationship management of partnerships that the Board sees as particularly important.

#### **4.8 Authority to Communicate**

The President is authorised by the Board as the spokesperson of the Board and may delegate that authority to the Deputy Chair, another Director or the CEO.

The CEO is delegated as the primary media contact for SHPA. Where appropriate, the CEO may delegate a media contact.

### **5. MEMBERSHIP**

Members serve an essential role in good governance and hold the Board accountable for delivering on the purpose and objectives of the organisation.

Membership of the Company will consist of eligible people who comprise the categories of Membership with the eligibility and rights set out in the Constitution.

A full list of Members maintained by Company Secretary in accordance with corporations' law.

## **6. IMPROVING BOARD PROCESSES**

### **6.1 Board Meetings**



Board meetings will be held in accordance with the Company's Constitution and the Corporations Act.

### **Frequency**

The Board must meet at least six times per year. Additional meetings may be scheduled as directed by the Board Chair or otherwise as necessary to discharge the duties and functions of the Board.

In addition to Board meetings, the Board will ensure that the meetings of Board Committees are regularly convened (and attended by Directors where appropriate) and that the Committees provide reports to the Board.

The Company Secretary will provide to the Board each year a proposed schedule of meeting dates (including the proposed location) and accompanying work plan for the next calendar year for all Board Meetings and Board Committees meetings to ensure an even workflow throughout the year.

### **Attendance and voting**

Meetings may be held either face-to-face or via electronic means (for example, teleconference or videoconference), with the adoption of this Board Charter recording the Directors' consent as a standing consent to hold meetings entirely by electronic means.

Directors are expected to attend all meetings of the Board unless there is valid reason for non-attendance and the Director's apology has been prospectively tendered to either the Board Chair or the Company Secretary.

A directorship automatically ceases if the Director is absent without permission of the Board from three consecutive Board meetings (excluding urgent meetings), becomes a bankrupt or makes any arrangement or composition with personal creditors generally; or becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health.

All Board decisions will be determined by a majority of Directors present and entitled to vote. Each Director has one vote. In the event of an equality of votes the meeting chair does not have a second or casting vote.

### **Attendance by non-Directors**

Only Directors have the right to attend Board meetings, with the Company Secretary/CEO invited to attend all Board meetings as a standing invitee.

Other individuals, such as members of management and external advisors, may be invited to attend all or part of any meeting as and when appropriate and necessary.

A non-Director who attends a Board Meeting may only participate in Board discussions to the extent determined by the Board and may not take part in or vote on any Board decision.

### **Quorum**

The number of Directors whose presence is necessary to constitute a quorum for a meeting of the Board is five.

### **Notice of meeting and agenda**

Generally, at least one week's notice will be given to Directors of all Board meetings. If an urgent meeting is required, notice of such meeting will be given to each Director at least 24 hours in advance, except where Directors have waived the required notice period.

The Company Secretary will finalise the agenda with the Board Chair. Any Directors may submit an agenda item to the Board Chair and Company Secretary, together with any associated papers, within 21 working days prior to the scheduled meeting. Any late or additional agenda items will be accepted at the discretion of the Board Chair.

In setting the agenda, the Board Chair will ensure that enough time is allocated to appropriately consider all agenda items.

The Company Secretary will distribute the agenda and all associated meeting papers no less than one week prior to the meeting date.

### **In Camera Discussions**

The Board Chair may direct that all, or a portion of the meeting is held "in camera" taking place with only Directors present. Should substantive decisions be made in camera, these are to be recorded in the minutes, as well as any actions arising to ensure they are monitored for completion.

### **Record Keeping and Note Taking by Directors**

The Company Secretary will maintain a complete set of Board papers on the SHPA system.

Directors may choose at their discretion to keep their own personal notes or comments on Board papers. Personal notes and comments Directors choose to make are discoverable under the law.

### **Minutes**

Minutes of Board meetings are documented evidence of decisions, and decision-making processes. The Governance Institute of Australia and the Australian Institute of Company Directors have issued a *Joint statement on Board Minutes* that outlines the following key principles on minute-taking:

- Board minutes are a record of Board decisions and the process by which decisions are made. They should capture the key points of the discussion and the rationale for decisions. This may help establish that Directors have exercised their powers and discharged their duties to act with care and diligence in good faith.
- Minutes record the resolutions of the Board as a whole. It is not advisable to record contributions of individual Directors, or to transcribe every detail of the discussion or debate during the meeting.
- Minutes can demonstrate how the Board challenges management. The minutes should record significant issues that Directors have raised with management, and the responses received, or action promised. Recording challenges helps show that the Board as a whole, as well as individual Directors, are discharging their duties. Challenges may be a simple request to management for clarification or further information, or an expression of dissatisfaction with information provided/omitted, with dissent recorded in the minutes.
- The quality of Board papers plays a crucial role in ensuring meetings run smoothly and facilitating drafting of minutes. The content of the Board papers should also support the Board decisions made. Directors should clearly specify their expectations of management and regularly provide feedback in relation to the quality and adequacy of the Board papers.

Minutes are prepared in draft form and provided to the CEO and Board Chair for review within seven working days of the meeting.

As agreed by the Board, Board meetings are recorded. Minutes of meetings are confirmed and signed at the next subsequent Board meeting. Once confirmed, the Board Chair will sign the file copy of the minutes as a true and accurate record of proceedings. At this time, any recordings of Board meetings are deleted.

The proceedings of all Board meeting are confidential, and the distribution of Board papers and minutes of Board meetings is restricted to Directors, the Company Secretary/Minute Taker and the CEO.

### **Board Action List**

It is important to have a tracking and prioritisation process in place to ensure that action items are completed in a timely manner. Actions can be noted directly in the meeting minutes and/or summarised in a separate table that outlines what the action item is, who is responsible for completing it, the date that it was created, and the proposed completion date for that task.

At the beginning of every Board meeting, this list is tabled.

### **6.2 Board Committees**

The Board may establish one or more Committees to provide advice and recommendations to the Board on specified matters (among any other function determined by the Board), which may include the exercise of power delegated by the Board.

The Board has established two standing Committees – the Nominations Committee and the Finance, Audit and Risk Management Committee.

The composition, role and function of both the Nominations Committee and Finance, Audit and Risk Management Committee are set out in their respective Terms of Reference - included as Attachments 1 and 2 to this Board Charter.

The Minute Taker will maintain minutes of each Committee meeting, which will be made available at the next Board meeting, or earliest practicable Board meeting following the Committee meeting.

### **6.3 Out of Session Decisions or Circular Resolutions**

Matters requiring review, approval or endorsement by the Board or Board Committees, including matters requiring a vote between scheduled meetings may be submitted to the Board or Board Committee out of session.

The Board Chair will determine matters to be considered by the Board out of session and may approve all information and the form of any motion prior to it being sent to Directors for consideration. Any Director has the right to request an out of session consideration of a matter. A meeting of the Board may decide to defer a matter for out of session consideration following initial discussion in session. Matters to be considered out of session will:

- Only be approved for consideration by Directors based on urgency, necessity or at the Board Chair's reasonable discretion.
- Be provided to Directors with all relevant information.
- At the discretion of the Board Chair, be deferred and dealt with in-session should consideration require discussion or debate by Directors.
- Be dealt with or resolved after enough opportunity has been given to all Directors to provide a response.

A Director can request that the Board Chair consider whether the matter should be brought to the next Board meeting or to seek a special meeting of the Board.

An out of session resolution shall:

- Be approved by all Directors entitled to vote on the resolution; and
- Be regarded as approved by a Director if the document containing the terms of the resolution has been signed by the Director either physically or by affixing a signature by electronic means, and the document has been given to the Company
- Be recorded in the Circular Resolution Register

## **7. BOARD EFFECTIVENESS**

### **7.1 Remuneration Principles**

Directors are permitted to be paid by way of fees for their services, with the amounts, if any, determined from time to time by the Board.

Directors' fees are determined having regard to the need to maintain appropriately experienced and qualified Directors, the organisation's financial position and needs, and, the competitive pressures in the marketplace.

Directors Fees are set out in the Directors Fees Policy.

### **7.2 Induction and Development of Directors**

#### **Induction of Directors**

The Company Secretary will provide each new Director with a letter of appointment outlining his or her appointment terms.

The Board Chair, with the support of the Chair of the Nominations Committee and CEO will ensure all new Directors receive a comprehensive, structured and tailored induction on joining the Board.

The induction is aimed to ensure new Directors are properly informed, supported and welcomed to the Board from the time of their appointment, and to enable them to participate effectively in the governance of the company. The induction program shall include (but not be limited to):

- An overview of the Organisation's culture, external environment, strategic directions, operations, financial position, and regulatory environment
- Directors' roles and responsibilities
- Director remuneration
- Directors indemnity and insurance cover
- Identifying the new Director's training needs
- Relevant policies and governance documents, including the Company's Constitution; and
- Meeting protocol and dates of Board and Board Committee meetings.

#### **Director Development**

SHPA is committed to organisational learning and to the professional development of all its staff and Directors. The Company promotes Board development in which all Directors are encouraged to participate. Individual director development is to be designed to meet the needs of the director and may include:

- Participation in the Australian Institute of Company Directors (AICD) Company Directors Course
- Ongoing AICD Membership
- Participation in specific AICD or other relevant governance or professional development courses.
- Activities which address a knowledge or skill need identified in a Board evaluation process
- Activities which introduce or update the director's knowledge of the organisation, its core business and the environment within which it operates
- Activities and events which have the potential for networking which is deemed of strategic importance for SHPA

For all Director Development activity:

- a. The Director is to provide an application to the Chair of the Nominations Committee outlining the rationale for participation in accordance with the principles listed above.
- b. The Nominations Committee will consider an application as soon as practical, either at its next scheduled meeting or out of session.
- c. In general, the Director is to book and pay for the activity.
- d. In such cases, the Director is to submit an expense claim (for Directors paid through the payroll) or Tax Invoice (for Directors paid by invoice) for reimbursement, which will be authorised for payment in accordance with the decision of the Nominations Committee.
- e. Where this is not practical, for example where a group of Directors attend an approved conference, SHPA will manage the group booking and registration processes. Directors will be required to provide relevant receipts/documentation following the event.

Directors are generally expected to provide an oral or written report to the Board outlining the learnings from professional development activities.

SHPA's Chief Financial Officer will report the amount spent on each Director's professional development activity to the Nominations Committee, which will report annually to the Board on an aggregated basis.

These amounts available for professional development are to be reviewed annually within SHPA's budgetary environment and may be suspended or reduced should financial circumstances indicate.

### **7.3 Board Evaluation**

Directors are encouraged to participate in annual Board appraisal exercises.

At regular intervals, the Board and Director appraisal should be undertaken by an external consultant albeit with any findings in relation to individual Directors being kept confidential by the consultant and fed back only to the individual concerned, and with the Board receiving aggregated, anonymised results.

Each Director is expected to actively participate in the Board evaluation process.

### **7.4 Declaration and Management of Conflicts of Interest**

Directors have a duty to avoid personal interests that conflict with the interests of the Company and, where a conflict is thought to exist, to identify and disclose any potential, perceived or actual conflicts of interest or related party transaction. The Board will consider and carefully manage any conflicts of interest, determine whether the Director is entitled to discuss and/or vote on a matter. The Board will immediately respond to any breaches.

A conflict of interest occurs when a Director's personal interest/s conflict with their responsibility to act in the best interests of the company. Personal interests include direct interests, as well as

those of family, friends or other companies a Director may be involved with or have an interest in (for example, as a shareholder). It also includes a conflict between a Director's duty to the Company and another duty that the Director has (for example, to another company). A conflict of interest may be actual, potential or perceived and may be financial or non-financial.

On appointment, and at any time during their term of office that a new interest arises, a Director must inform the Company Secretary whereupon the interest will be entered on the Register of Interests and communicated to the Board.

### **Management of conflicts of interest**

There will be a standing item on the agenda of each Board meeting prompting Directors to consider and declare conflicts of interest as they arise.

Once a conflict of interest has been declared, the Board (excluding the Director disclosing and any other conflicted Director) must decide whether the conflicted Director/s should:

- Be present in the room during discussion and/or debate of the matter
- Participate in any discussion and/or debate
- Vote on the matter

In exceptional circumstances, such as where the conflict is very significant or likely to prevent a Director from regularly participating in discussions, the Board may need to consider whether it is appropriate for the conflicted Director to resign from the Board.

The minutes of a Board meeting at which a Director declares or is identified by the meeting as having a conflict of interest, must record the declaration and the way the conflict was managed.

If a Director is concerned about the existence, or potential existence of a conflict of interest in relation to another Director that has not been declared, the concerned Director should discuss the matter in confidence with the Board Chair in the first instance, or otherwise with the Chair of the Nominations Committee if the conflict relates to the Board Chair. The matter should then be discussed with the conflicted (or potentially conflicted) Director to determine how the matter should best be resolved.

### **Register of Interests**

The Company Secretary will maintain a Register of Interests that will act as the central repository for all Directors' declared interests.

The Register of Interests and declaration of Conflicts of Interest will remain a standing agenda item for each Board and Committee meeting.

## **7.5 Confidentiality**

All non-public information that Directors acquire in the course of performing their duties should be treated as confidential: an obligation that continues to apply when a Director no longer serves on the Board.

Other than as authorised by SHPA, as required by law, or in accordance with SHPA's legal or financial advisors for the purpose of obtaining professional advice, or to the extent necessary to perform their duties as a Director of SHPA, Directors shall not divulge such confidential information, use or appear to use such confidential information for personal advantage of a third person.

## **7.6 Insurance**

SHPA indemnifies Directors and Officers to the maximum extent permitted by law against liability incurred in or arising out of the discharge of their duties.

The company seeks appropriate Directors' and Officers' (D&O) insurance cover, where possible, for all potential liabilities flowing from the indemnities. The Company Secretary holds a copy of the insurance policy and can supply on request.

The Company maintains each Director's D&O insurance for seven years from the date at which they cease to be a Director.

#### **7.7 Independent Professional Advice**

The Board and individual Directors have access to independent professional advice, at the Company's expense, where they deem it necessary to discharge their responsibilities as Directors.

Prior to seeking professional advice, a Director must inform the Board Chair about the nature of the opinion or information sought, the reason for the advice, the terms of reference for the advice and the estimated cost of the advice. Where more than one Director is seeking advice about a single issue, the Board Chair will endeavour to coordinate the provision of the advice.

The Board must be the recipient of such advice.

Independent professional advice for these purposes may include legal advice and advice of accountants and other professional financial advisors on matters of law, accounting and other regulatory matters but shall exclude advice concerning the personal interests of the Director concerned (such as the Director's service contract with the Company).

#### **8. REVIEW**

This Board Charter shall be reviewed annually at the first Board meeting of the calendar year.