



The Society of Hospital Pharmacists of Australia

Governance Charter

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1. Introduction

Welcome to the SHPA Governance Charter (the Charter).

The Charter explains SHPA's commitment to corporate governance and should be read as an expression of principle.

The Charter has various purposes including to:

- a. Set the code of conduct for Directors and Officers
- b. Explain the role of the Federal Council to various parties
- c. Enhance the working relationship between Directors and between Directors and Officers, and enhance the transparency of the Federal Council to its members and stakeholders.

To remain effective, this Charter will evolve over time. Once SHPA's Charter is enacted, Directors and Officers accept they are responsible for ensuring compliance with the Charter.

2. The Governance Framework at SHPA

The Federal Council is responsible for ensuring that SHPA has an appropriate corporate governance structure and culture in place. To this end, SHPA's governance charter is based on:

- a. The Australian Stock Exchange (ASX) corporate governance principles
- b. Cadbury's definition of the role of the Board
- c. The code of conduct recommended by the Australian Institute Of Company Directors (AICD), and;
- d. The Corporations Act 2001.

2.1. Definition of Governance

The role of the Board involves **controlling and directing the company** through the discharge of the Director's duties, functions and powers (Cadbury), in a manner that will:

- a. Realise the company's purpose and objects as defined in the constitution and its potential

¹ For the purposes of this Charter the Federal Council is also referred to as the Board

- b. Fulfill its obligations and
- c. Be in the best interests of those the company serves.

To meet their requirements, Directors are given **powers** and inherit by deed of their appointment, various **duties and responsibilities** that they must meet when performing their **functions**.

Governance involves more than legal expectation and includes a range of practices, principles and systems, plus the culture of the Board and commitment from those involved in exercising authority throughout the company.

Officers also play a major role in good governance as they are directly involved in promoting and protecting the best interests of the company on a daily basis.

In practice, the control and direction of the company are separate but entwined functions and involve:

Directors and Officers exercising adequate controls as they pursue the potential of the company as it seeks to realise its objects.

2.2. SHPA as a Company

Legally SHPA has three distinct elements:

- 1) The company itself, which is a separate legal entity
- 2) Directors and Officers of the company who are responsible for governance of SHPA
- 3) The members of the company, who exercise ownership of the company through the Constitution.

Once appointed:

- Directors have the power to govern the company; unless restricted by the constitution or law
- Directors serve the company and it is the company which serves the members and stakeholders
- Director performance will be considered by the members at the Annual General Meeting
- Only members can approve changes to the constitution, and
- Directors have the power to amend this Charter without seeking the approval of the members.

2.3. Compliance with Laws and Statutes

SHPA must comply both with the Corporations Law and a range of other laws and statutes including, but not limited, to:

- Health and safety
- Employment
- Environmental protection
- Anti-discrimination
- Privacy
- Trade Practices
- The Criminal Code.

The Directors and Officers of SHPA undertake to remain aware of and to comply with the full range of their legal requirements.

2.4. Constitution

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

OBJECTS AND PURPOSE OF THE SOCIETY

Goal

The overriding goal of the Society, to which all objects 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 objects 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 objects 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 our expertise as pharmacists.
- (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.

3. Board composition and Independent Directors

The SHPA Board will consist of elected Directors. Directors will in principle follow the ASX recommendations for independent directors, which state a Director will be considered independent if he or she:

- a. Has 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. Is 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. Has no material contractual relationship with the company other than as a Director, and
- d. Is 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 Chairman immediately if they believe they are not or may no longer be independent
- b) Should the Chairperson 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 Chairperson 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.

3.1. Functions Reserved for Directors

The Directors of SHPA will carry out their governance role through the following functions, which require Directors to:

- a. Set, monitor and review **policy** as needed for SHPA
- b. Develop a clear **strategy** that will protect and advance the interests of SHPA
- c. Make sound **financial** decisions and ensure appropriate plans and systems are in place
- d. Perform adequate **risk** governance to protect SHPA's interests
- e. Monitor operational performance and progress and monitor compliance
- f. Provide effective oversight and support for the **CEO**.

3.2. Discharge of Director Duties and Functions

Directors at SHPA accept that in addition to legislative and common law duties, legal precedent also informs what is expected of Directors, including the need for Directors to:

Know:

- Know the rules that apply to the functioning of the Board and comply with these rules
- Before adopting documents they must be read, understood and focused upon by each director
- Acquire an understanding of the business of the corporation
- Accept that the higher the office the greater the responsibility that falls upon that office and that the Director sits at the apex of the corporation
- Directors will be judged in the light both of what they know and of what they ought to know in placing reliance on others

Act:

- Not cause the reputation of Board or Company to be in disrepute
- Abide by normal social and business courtesy e.g. do not use intimidation or coercion
- Be loyal to the Board in public and abide by its decisions
- Take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board
- Keep informed about the activities of the corporation and monitor its affairs and policies

Process:

- Directors not physically at a board meeting should have the same material as their colleagues

- Formal resolutions should be put on all matters arising for board decision
- Draft minutes should be reviewed carefully before adoption
- Ensure minutes are sufficient to record the proceedings of the meeting and decisions made

Comply:

- Comply with fiduciary duties in both the spirit and as per the letter of the law
- Take all reasonable steps to be in a position to guide and monitor the company
- Accept a Director has a duty greater than representing a particular field of experience or expertise
- Adhere to minimum steps before approving financial statements, including to:
 - o Carefully read and understand financial statements
 - o Consider whether financial statements are consistent with their own knowledge of the company
 - o Maintain familiarity with the financial status of the corporation
 - o Take a diligent and intelligent interest in the information available to him or her
 - o Understand the information available
 - o Apply an enquiring mind to the responsibilities placed upon him or her
 - o Make further enquiries if matters revealed in these financial statements call for such enquiries
 - o Ensure, as far as possible and reasonable, that the information included therein is accurate

3.3. The Mutual Expectations of Fellow Directors

To perform their role SHPA Directors agree to:

Commit:

- Be effective stewards of the objects for which SHPA is established
- Attend meetings fully prepared to transact the business of the Board
- Be able to apply creative thinking and to generate solutions to challenges and opportunities

- Display a commitment to agreed principles and values including: Respect, Honesty, Integrity and sensitivity to cultural diversity
- Practice confidentiality in the spirit and the letter of what is expected
- Presume insurance will not protect us from incompetence, negligence or criminal behaviour
- Ensure a clear separation of Board and management roles including; do not seek information from staff, and accept Directors cannot direct staff or interfere in the Chain of Command except through a formal process in situations which warrant Director intervention e.g. an internal audit or inquiry

Participate:

- Add value collectively as a Board and as an individual Director
- Display the commitment required to fulfil the role of the Director: A minimum commitment of 75% attendance is expected
- Being willing to say what's on your mind including, speaking up and asking questions
- To be an active and a pro-active participant
- Expect other Directors to offer you respect, including; attentive listening, a respectful but robust exchange of ideas and good will

Learn:


- Know the company's Vision, Constitution, Mission, Strategic Plan and Financial Position
- Ensure a shared distribution of the workload
- Appreciate other individual's skills and contribution whilst meeting mutually shared responsibilities

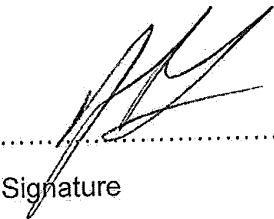
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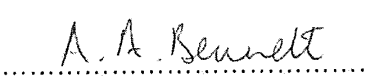
- Set a clear values framework to guide the behaviour of the whole company
- Undergo performance assessment at least once a year
- Be proactive in recognising when it is time to retire

4. Agreement to be Bound by the Charter


By the application of our signatures we agree to comply with the requirements of this Charter.



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Professor Michael Dooley
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12-4-2016
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Director Name Signature Date


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IAN CUMBER
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13-4-16
.....
Director Name Signature Date


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Alexandra Bennett
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A. A. Bennett
.....
24th March 2016
.....
Director Name Signature Date

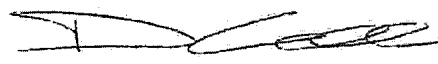

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EMILY DIPROSE
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Emily DiProse
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6/4/16
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Director Name Signature Date


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Steve Morris
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24 / 03 / 16
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Director Name Signature Date


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Peter Fowler
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04/3/16
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Director Name Signature Date

Tredy Teasdale *TT* *12/4/16*
Director Name Signature Date

Lisa Ponnt  11/4/16
Director Name Signature Date

Deirdre Criddle  28/03/2016
.....
Director Name Signature Date

5. Appendices

Appendix 1 Excerpts from the 'The Cadbury Report' on Corporate Governance

'Corporate governance is the system by which companies are directed and controlled'.

'Boards of directors are responsible for the governance of their companies'.

'The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place.'

'The responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship.'

'The board's actions are subject to laws, regulations and the shareholders in general meeting'.

(Report Of The Committee On The Financial Aspects Of Corporate Governance, 1 December 1992, London, UK.)

Appendix 2 The Australian Institute of Company Directors Code of Conduct

Every member of the Australian Institute of Company Directors is expected to comply with a code of conduct determined by the Company Directors' Board of Directors from time to time.

A member should, in respect of any corporate entity of which the Member is a director, comply with the following standards of conduct:

1. The member should act honestly, in good faith and in the best interests of the company as a whole.
2. The member has a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
3. The member should use the powers of office for a proper purpose, in the best interests of the company as a whole.
4. The member should recognise that the primary responsibility is to the company as a whole but may, where appropriate, have regard for the interest of other stakeholders of the company.
5. The member should not make improper use of information acquired as a director.
6. The member should not take improper advantage of the position of director.
7. The member should properly manage any conflict with the interests of the company.
8. The member has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors.
9. Confidential information received by the member in the course of the exercise of directorial duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or the person from whom the information is provided, or is required by law.
10. The member should not engage in conduct likely to bring discredit upon the company.
11. The member has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.

Australian Institute of Company Directors Code of Conduct Approved September 2005.

Appendix 3 The Australian Stock Exchange (ASX) Corporate Governance Principles

Principle 1 Lay Solid Foundations For Management And Oversight

- 1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.
- 1.2 Companies should disclose the process for evaluating the performance of senior executives
- 1.3 Companies should provide the information to reporting on Principle 1

Principle 2 Structure The Board To Add Value

- 2.1 A majority of the board should be independent directors
- 2.2 The chair should be an independent director
- 2.3 The roles of chair and CEO should not be exercised by the same individual
- 2.4 The board should establish a Nomination Committee
- 2.5 Companies should disclose the process for evaluating the performance of the board, committees and individual directors
- 2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.

Principle 3 Promote Ethical And Responsible Decision-Making

- 3.1 Companies should establish a code of conduct and disclose the code or a summary to:
 - The practices necessary to maintain confidence in the company's integrity
 - The practices necessary to take into account their legal obligationsand
 - The reasonable expectations of their stakeholders

- The responsibility and accountability of individuals for reporting and for Investigating reports of unethical practices.
- 3.2** Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity to assess annually the objectives and progress in achieving them.
- 3.3** Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with diversity policy and progress towards achieving them.
- 3.4** Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.
- 3.5** Companies should provide the information indicated in the Guide to reporting on principle 3.

Principle 4 Safeguard integrity in financial reporting

- 4.1** The board should establish an audit committee
- 4.2** The audit committee should be structured so that it consists only of non-executive directors, consists of a majority of independent directors, is chaired by an independent chair, who is not chair of the board and has at least three members
- 4.3** The audit committee should have a formal charter.
- 4.4** Companies should provide the information indicated in the Guide to reporting on Principle 4.

Principle 5 Make timely and balanced disclosure

- 5.1** Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

- 5.2** Companies should provide the information indicated in the Guide to reporting on Principle 5.

Principle 6 Respect the rights of shareholders (in this instance members)

- 6.1** Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of the policy.

- 6.2** Companies should provide the information indicated in the Guide to reporting on Principle 6.

Principle 7 Recognise and manage risk

- 7.1** Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

- 7.2** The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

Principle 8 Remunerate fairly and responsibly

- 8.1** The board should establish a remuneration committee.

- 8.2** The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent chair and has at least three members

8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

8.4 Companies should provide the information indicated in the Guide to reporting (on remuneration) on Principle 8.

Source: www.asx.com.au/governance/corporate-governance 2010

Appendix 4: Director Duties

4.1 From Legislation

The Corporations Act (2001) specifies the main duties of directors as:

- Section 180 To act with all the care and diligence that a reasonable person might be expected to show in the role
- Section 181 To act in **good faith**, in the **best interests of the company** and for a **proper purpose**, including **avoiding conflicts of interest**, and to **reveal and manage conflicts** if they arise. This is both a duty of fidelity and trust, known as a 'fiduciary duty' imposed by general law and a duty required in legislation.
- Section 182 Not to make **improper use of your position**, for personal gain or to the detriment to the company
- Section 183 Not to **improperly use the information** you gain in the course of the role for personal gain or to the detriment to the company
- Section 184 Not to commit criminal offences through **recklessness**, or being intentionally **dishonest**, or by **failing** to exercise your powers and discharge your duties in good faith, in the best interests of the corporation or for proper purpose
- Section 19/1195 To disclose **material personal interests**
- Section 285/318 Fulfil obligations with regards to **financial matters** including reports, records and compliances, providing true and fair statements, audits and reporting to members
- Section 588G **Not to trade while insolvent.**

4.2 Director duties which arise through Common Law (court judgements)

- 1) To act in good faith in the interests of the company as a whole

- 2) Not to act for an improper purpose
- 3) To practice care and diligence
- 4) To retain discretion
- 5) To avoid conflicts of interest
- 6) Not to disclose confidential information
- 7) Not to abuse corporate opportunities.

4.3 Officers and duties

SHPA Officers are bound by similar duties and subject to similar penalty provisions as are Directors of the company. (The statutory definition of the word officer is set out in s.9 of the Corporations Act, 2001.)