

2 BOARD CHARTER

2.1 PURPOSE OF CHARTER

The purpose of this Board Charter (**Charter**) is to explain the duties and responsibilities of the directors of RSL LifeCare Limited (ACN 000 048 957) (**Company**) and to assist Directors in understanding their role, Board processes and their relationship with:

- RSL NSW and the other members of the Company (**Members**); and
- Management.

2.2 OUR PURPOSE

The Company is a charity registered with the Australian Charities and Not-for-Profits Commission (ACNC). The objects of the Company (**Object**) are set out in the constitution. Broadly, the primary **Object** comprises the provision of care and services to veterans and other people.

The Company provides services through four main areas: retirement living; residential aged care (nursing homes); home care; and care for younger veterans. These services provide care to over 7,500 residents and clients with over 3,000 staff employed. The organisation operates in over 50 locations throughout NSW and the ACT.

2.3 DUTIES OF DIRECTORS

For the purpose of the ACNC Governance Standards (Governance Standards), the Company is the 'responsible entity' and the directors of the Company are responsible persons'. The directors must comply with certain core duties set out in Governance Standard 5, specifically:

- exercising the Company's powers and discharging the Director's duties with the degree of **care and diligence** that a reasonable individual would exercise if they were a director;
- **acting in good faith** in the best interests of the Company, to further the purposes of the Company;
- not **misusing** the Director's **position**;
- not **misusing information** obtained in the performance of the Director's duties;
- disclosing perceived or actual material **conflicts of interest** including any **related party transactions**;
- ensuring the financial affairs of the Company are managed in a **responsible manner**;
- and
- not allowing the Company to **operate while insolvent**.

These duties, derived from the common law and the Corporations Act, are in addition to a director's fiduciary duties and other statutory duties which may apply to directors. The Directors are expected to familiarise themselves with the Governance Standards and seek to ensure compliance with the Governance Standards at all times.

2.4 ROLES AND RESPONSIBILITIES OF THE BOARD

2.4.1 Role of the Board

The Board is responsible for the overall culture, strategy, governance and performance of the Company. The Board provides strategic guidance to the Company and effective oversight of management. The Board must ensure that the activities of the Company are consistent with its Objects and comply with its constitution from which the Board derives its authority to act, and with all legal and regulatory requirements

2.4.2 Key Responsibilities

The key responsibilities of the Board are as follows:

- (a) Articulating the Company's value, vision and mission and developing the Company's strategic priorities;
- (b) Reviewing and approving the Strategic Plan and the annual budget as proposed by executive management;
- (c) Oversight of the Company including its control and accountability systems;
- (d) Monitoring the senior management team's performance and implementation (both individually and collectively) of the Strategic Plan and ensuring appropriate resources are available to achieve that Plan;
- (e) Appointment and removal (where appropriate) of the Chief Executive officer (**CEO**) and determining the CEO's terms of employment including remuneration;
- (f) Ensuring accurate and timely financial reports of the Company are produced and approving the Company's financial statements and other statutory reporting and monitoring financial performance against the approved annual budget;
- (g) Developing and approving succession plans for the Board;
- (h) Approving and reviewing succession plans for the CEO and the senior management who report directly to the CEO;
- (i) Establishing and monitoring the performance of the Company's compliance, risk management and control systems, and ensuring that they are operating effectively, including through periodic reviews of policies, protocols and procedures developed in relation to the management of operations and compliance risks ;
- (j) selecting, appointing and removing the external auditor and regularly evaluating the auditor's performance; and
- (k) initiating and maintaining a Board self-evaluation program.

2.5 ROLE AND RESPONSIBILITIES OF KEY PERSONNEL

2.5.1 Chairman

The directors will appoint one of their number to act as Chairman. The Chairman is responsible for:

- (a) Leading the Board to facilitate the efficient and effective organisation and conduct of the Board's processes;
- (b) Setting the Board agenda and ensuring the provision to directors of information they require to fully participate in Board activities so as to discharge their duties and responsibilities;
- (c) Briefing all Directors in relation to issues arising at Board meetings;
- (d) Chairing Board meetings by leading the Board in reviewing and discussing Board matters, enabling all Directors to contribute to Board deliberations, and facilitating resolution of differences between Board members so that decisions may be reached promptly;
- (e) Monitoring Board performance and, subject to the nomination and appointment process for directors in the constitution, ensuring that membership of the Board is skilled and appropriate to the Company's needs;
- (f) Promoting constructive relations between Board members;
- (g) Managing the relationship between the CEO and the Board and promoting constructive relations between the Board and management;
- (h) Overseeing the regular evaluation of the performance of the Board, all Directors, the Board sub-Committees and the CEO;

The Chairman has a second or casting vote at Board meetings where there is an equality of votes on any resolution. The Chairman also has a casting vote at any general meeting if, on a show of hands or on a poll, the votes are equal. This casting vote is in addition to any vote the Chairman may exercise as a member.

2.5.2 Chief Executive Officer

The Board has appointed a CEO. The day to day management of the Company has been delegated to the CEO, subject to specified limits in the Delegations Register. The CEO's core responsibilities include the following:

- (a) Managing the day to day affairs of the Company;
- (b) In collaboration with the Board, developing the Strategic Plan and preparing the Annual Budget to support that Plan for final approval of the Board;
- (c) Reporting regularly to the Board with appropriate and quality information so the Board may discharge its duties effectively;
- (d) Ensuring that the Chairman is kept informed of any material matters affecting the day to day operations of the Company;

- (e) Recommending to the Board any significant operational changes or major capital or operational expenditures, where these are beyond the delegated authority given to the CEO;
- (f) Leading senior management in implementing the Company's compliance, risk management and control systems approved by the Board;
- (g) Preparing an annual report to the Board on the work and activities of the Company during the preceding 12 months for each financial year;
- (h) Promoting compliance with all Company policies and procedures by all persons working for the Company, including through the implementation of appropriate staff training and awareness programmes;
- (i) Representing, communicating and advocating the Company to external parties or other stakeholders and the community, in consultation with the Chairman (where appropriate);
- (j) Appointing, developing and retaining individuals with appropriate skills, experience and passion to work for the Company and establishing a strong management team whose performance is regularly and fairly monitored and evaluated.

2.5.3 Company Secretary

The Company Secretary is appointed by the Board and holds office until his/her services are terminated by the Board. The Company Secretary is accountable to the Board, through the Chairman, on all corporate governance matters.

- (a) The Company Secretary will attend all meeting of the Board and Board committees, as required.
- (b) The key responsibilities of the Company Secretary are:
- (c) To organise Board meetings and confirm director attendance;
- (d) Monitor compliance with Board policies and procedures including maintaining a register of company policies as approved by the Board;
- (e) Coordinate the completion and despatch of the Board agenda and other Board briefing materials;
- (f) Prepare the minutes of meeting and resolutions of the Board and to provide these to the Chairman for circulation and approval;
- (g) Circulate minutes from committee meetings to the Board; and
- (h) Record, and maintain the minutes of all general meetings of the Company and distribute the minutes as directed by the Chairman;
- (i) Maintain the Conflicts of Interest Register;
- (j) Ensure the Company complies with its statutory reporting requirements (where applicable) to the ACNC, the Australian Taxation Office (ATO), ASIC and any other regulatory body regarding the registered office, annual information statement and other compliance notifications or returns that require lodgement; and
- (k) Providing counsel on corporate governance principles and other director liability.

2.6 DELEGATIONS OF AUTHORITY

2.6.1 Delegations to Committees

The Board has power under the constitution to establish and delegate any of their powers to a committee of Directors supported by independent advisors where appropriate. The committee may consider certain issues in further detail and then report back to and advise the Board. The committee may also exercise such powers that are delegated to it.

Standing committees have been established by the Board and adopt charters setting out their authority, responsibilities, membership and operations. The current standing committees are:

- Audit, Risk Management and Compliance Committee;
- Nominations Committee;
- Strategic Planning, Property and Development Committee;
- Care and Services Committee;
- Homes for Heroes Committee;
- Board Awards Committee;
- Village and Facility Naming Committee;
- Lara Advisory
- Morshead Advisory

The Chairman may attend committee meetings and receive committee papers. Directors who are not appointed to a particular committee may attend any committee meeting.

Committees will maintain minutes of their meetings and are entitled to obtain professional or other advice in order to effectively carry out their proper functions subject to prior consultation with the Chairman regarding their requirements.

The chairperson of each committee will report back on committee meetings to the Board at the next full Board meeting.

2.6.2 Delegations of Management

The Board has delegated to the CEO the authority to manage the day to day affairs of the Company subject to the limits specified in the Delegations Register. The CEO has the power to sub-delegate his/her powers to other management and staff within the limits of his authority. The CEO sub-delegations are documented in the Delegations Register. These authorisation levels have been established for the control of expenditure and commitments within the Company.

2.7 BOARD STRUCTURE AND PROCESS

2.7.1 Composition and Size

The Board will comprise between 5-9 Directors unless the Members determine otherwise. The number and composition of the Board should at all times be appropriate to the Company to ensure efficient decision making in furtherance of the Object. Not less than 50% of Board (excluding the President of RSL NSW who holds office as director ex officio) must have professional experience relevant to the Company's activities.

The terms of appointment must comply with the constitution.

RSL NSW has the power to remove each and all of the directors from office but shall only exercise this power with good reason.

2.7.2 Nominations, Appointment and Re-election

Directors are appointed by RSL NSW, and will generally hold office until the conclusion of the 3rd annual general meeting after their appointment. The appointment process is set out in the constitution. In making appointments, RSL NSW will consider the recommendation of the Chairman, the requirement that at least 50% of the Board have relevant professional experience and the period for which a director seeking reappointment has previously held office.

Generally, Directors are appointed for 3 year terms and, subject to the constitution, may be re-appointed for a maximum of 3 consecutive periods of office.

The process for selection and appointment of a new Director to the Board is that, when a vacancy arises, the Nominations Committee identifies candidates with the appropriate skills, experience and expertise and makes recommendations to the Board. The Board then considers these recommendations and, through the Chairman, makes a further recommendation to the RSL NSW who has the power to make appointments to the Board.

Directors will be expected to participate in induction or orientation programs on appointment, and continuing education or training.

2.7.3 Attendance at Board Meetings

Directors are generally expected to prepare adequately, attend and participate at each Board meeting. Directors may be present physically or by appropriate electronic technology which allows reasonable opportunity to participate in the meeting.

Prior written apology, with reasons, should be provided to the Chairman or Company Secretary where a Director is unable to attend a Board meeting.

A director, despite non-attendance, continues to have responsibility as a board member of RSL LifeCare and is therefore expected to maintain accountability as a

director. Continuity of board matters must be maintained by all directors, except where a conflict of issues arises.

The Board may request or invite management or external consultants to attend Board meetings, where necessary or desirable to do so.

2.7.4 Conflicts of Interest

It is a Director's responsibility to ensure the Register of Conflicts of Interest pertaining to his/her conflicts is kept up to date at all times.

Directors must disclose any actual or perceived material conflict of interest in a matter, including any related party transaction, being considered at a meeting of Directors (or that is proposed in a circular resolution) in accordance with the constitution and comply at all times with the Conflicts of Interest Policy.

If a Director has a material personal interest in the matter being considered by the Board, that Director is prevented from being present at a meeting where the relevant matter is being discussed or voting on the matter, except in the circumstances where participation is allowed under certain conditions under section 195 of the *Corporations Act*.

The disclosure of an actual or perceived conflict of interest by a Director must be recorded in the minutes of the meeting.

2.7.5 Confidentiality

Confidential information received by the Directors in the course of the exercise of their duties remains the property of the Company.

Directors must keep Board discussions and resolutions confidential, except where they are authorised to disclose the matter or are required to make the disclosure by law.

2.7.6 Independent Professional Advice

Directors may seek independent professional advice at the Company's expense. This may be sought only after prior in consultation with the Chairman. Generally, this advice will be available to all Directors.

2.7.7 Review

The Board is responsible for reviewing this Charter and the division of functions and responsibilities in the Company periodically to consider its appropriateness to the needs of the Company. This Charter may be amended by resolution of the Board.

This Charter was approved by the Board on 16-01-2017.