

# Corporate Governance Statement 2019



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Ramsay Health Care Limited (**Company**) is committed to delivering high quality health care services, long-term sustainable growth and shareholder returns. The Board recognises the importance of good governance in achieving these corporate objectives, in discharging its responsibility to the Company and endeavouring to meet the expectations of all stakeholders and in executing the broader role of the Company as a good corporate citizen.

The Company's governance framework is designed to ensure that the Company is effectively managed, that statutory obligations are met and that the culture of personal and corporate integrity – The Ramsay Way – is reinforced. The Company remains steadfast in its commitment to maintaining the culture and principles of The Ramsay Way across all aspects of its business, honouring the architect of The Ramsay Way, the late Mr Paul Ramsay AO.

This Statement outlines the Company's governance framework, policies and procedures as at 30 June 2019 (unless otherwise stated) in accordance with the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**) applicable at the date of this report. The Board continually reviews the Company's governance policies and practices to ensure that they remain appropriate in light of changes in corporate governance expectations and developments.

## 1. The Role of the Board

The Board is committed to effectively representing and promoting the Company, thereby adding long-term value to all shareholders. The Board is accountable to shareholders for the oversight of the Company's business and affairs and, as such, is responsible for the overall strategy, governance and performance of the Company.

To clarify the roles and responsibilities of directors and management, and to assist the Board in discharging its responsibilities, the Company has established a governance framework which sets out the functions reserved to the Board and provides for the delegation of functions to Board Committees and to senior management as considered appropriate. These are set out in the Board Charter, which was last reviewed and updated in FY2017, and can be found in the Corporate Governance section of the Company's website ([www.ramsayhealth.com/Investors/CorporateGovernance](http://www.ramsayhealth.com/Investors/CorporateGovernance)).

The Company's Statement of Delegated Authorities was most recently updated in March 2019 and will continue to be reviewed as required.

## 2. Governance Framework: The Board and its Standing Committees

The governance framework in place is designed to promote and foster accountability, both of the Board and senior executives, to the Company and its shareholders. The diagram below summarises the Company's governance framework, including the functions reserved for the Board and those carried out by the four standing Board Committees.

The four standing Board Committees assist the Board in the execution of its responsibilities. Each Committee operates under a specific charter, which can be found in the Corporate Governance section of the Company's website ([www.ramsayhealth.com/Investors/CorporateGovernance](http://www.ramsayhealth.com/Investors/CorporateGovernance)).

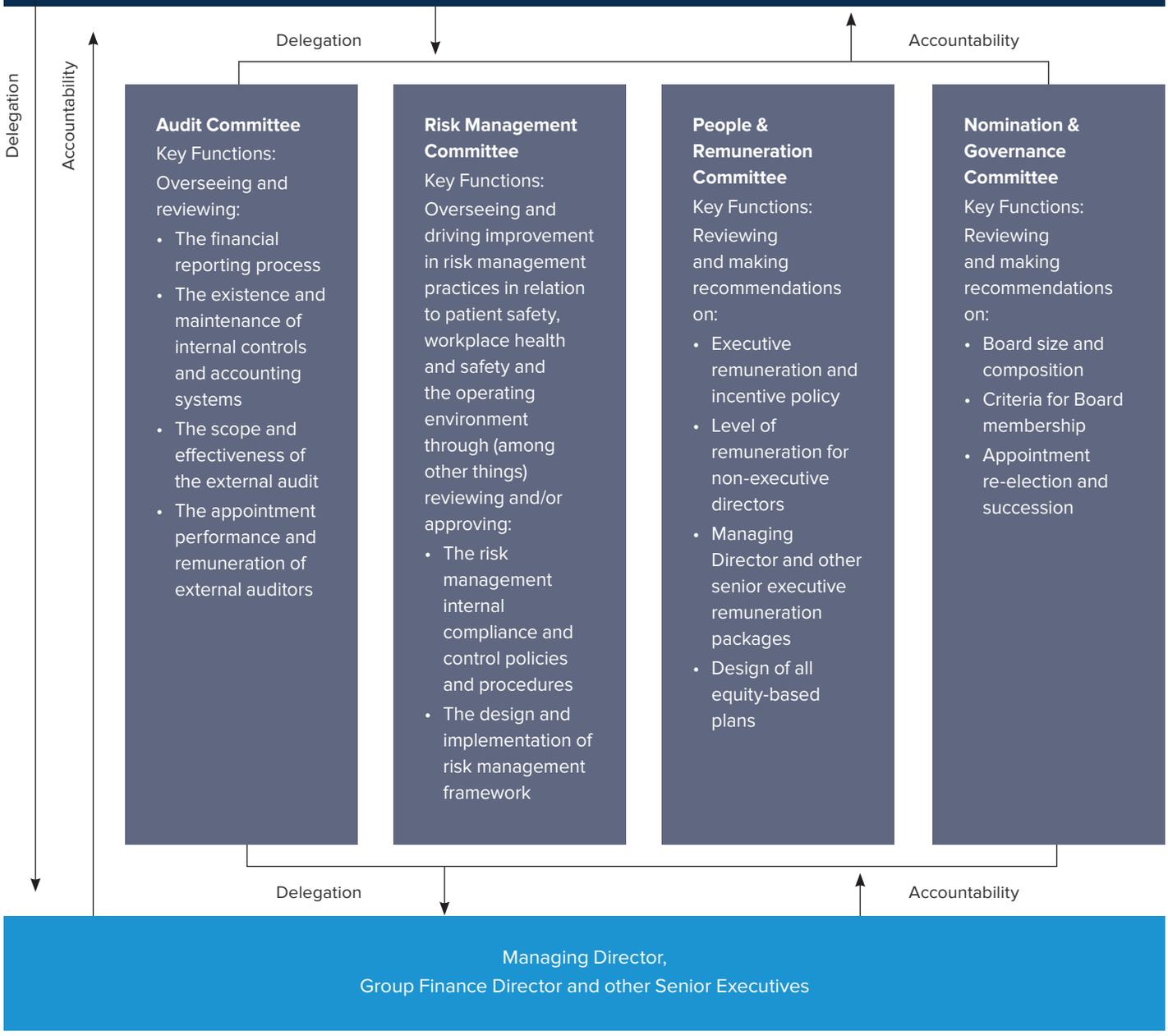
The applicable composition requirements and membership of each of the Board Committees as at the date of this Corporate Governance Statement are set out below:

## Board

Formally delegated certain functions to Board Committees and to management via formal Board and Committee charters.

Directly retains responsibility for a range of matters including:

- Driving the Company's strategic direction;
- Monitoring the performance of the Managing Director and approving senior management remuneration policies;
- Reporting to shareholders;
- Monitoring the effectiveness of and compliance with policies governing the operation of the Company;
- Monitoring strategic risk management systems and the integrity of internal control and reporting systems;
- Reviewing and approving the annual operating budget;
- Determining dividend policy and approval dividends;
- Approving decisions concerning the capital of the Company; and
- The appointment of the Managing Director and succession planning.



<b>Board Committee</b>	<b>Composition requirements</b>	<b>Membership</b>
<b>Audit Committee</b>	Comprised of at least three members, all of whom are Non-Executive Directors and a majority of whom are independent. Chaired by an independent Non-Executive Director who must not be the Chair of the Board.	Mr Peter Evans (Chair), Mr Kerry Roxburgh and Mr David Thodey (appointed November 2018).  *Ms Patricia Akopiantz was a member of the Committee until November 2018
<b>Risk Management Committee</b>	Comprised of at least three members, two of whom must be independent Non-Executive Directors with at least one member also being a member of the Audit Committee. Chaired by an independent Non-Executive Director.	<b>Non-Executive Directors</b>  Mr Peter Evans (Chair), Mr Kerry Roxburgh, Mr David Thodey AO and Dr Claudia Süssmuth Dyckerhoff (appointed November 2018).  *Ms Margaret Seale was a member of the Committee until October 2018.  <b>Executive Directors &amp; Senior Management (note: ceased to be members after the Committee meeting in August 2018)</b>  Mr Craig McNally (Managing Director & CEO), Mr Bruce Soden (Group Finance Director & CFO), Ms Carmel Monaghan (Group Chief of Staff), Mr John O’Grady (Group General Counsel, Company Secretary & Chief Risk Officer), Professor John Horvath AO (Group Chief Medical Officer) and Mr Andrew Wearne (Global Chief Audit Executive).
<b>People and Remuneration Committee</b>	Comprised of at least three members, all of whom are Non-Executive Directors and a majority of whom are independent. Chaired by an independent Non-Executive Director.	Mr Rod McGeoch AO (Chair), Mr Michael Siddle, Mr Peter Evans, and Ms Alison Deans (appointed November 2018).  *Ms Patricia Akopiantz was a member of the Committee until November 2018.
<b>Nomination and Governance Committee</b>	Comprised of at least three members, a majority of whom are independent Non-Executive Directors. Chaired by an independent Non-Executive Director.	Mr Michael Siddle (Chair), Mr Rod McGeoch AO, Mr Kerry Roxburgh and Mr David Thodey AO (appointed August 2018)  *Ms Patricia Akopiantz was a member of the Committee until November 2018.

The number of scheduled Board and Committee meetings held during the year ended 30 June 2019 and the number of meetings attended by each of the directors in office during FY2019 is set out in the table below:

	Board <sup>1</sup>	Audit Committee	Risk Management Committee	People & Remuneration Committee	Nomination & Governance Committee
	Attended (Eligible to attend)				
<b>M. S. Siddle</b>	11 (11)			6 (6)	5 (5)
<b>P. J. Evans</b>	11 (11)	6 (6)	4 (4)	6 (6)	
<b>C. R. McNally<sup>2</sup></b>	11 (11)		1 (1)		
<b>B. R. Soden<sup>2</sup></b>	11 (11)		1 (1)		
<b>P. E. Akopiantz<sup>3</sup></b>	7 (7)	3 (3)		2 (2)	2 (2)
<b>R. H. McGeoch AO</b>	11 (11)			6 (6)	5 (5)
<b>K. C. D. Roxburgh</b>	11 (11)	6 (6)	4 (4)		5 (5)
<b>M. L. Seale<sup>4</sup></b>	6 (7)		1 (1)		
<b>D. I. Thodey AO<sup>5</sup></b>	11 (11)	3 (3)	4 (4)		4 (4)
<b>C. Süssmuth Dyckerhoff<sup>6</sup></b>	4 (4)		2 (2)		
<b>C. A. Deans<sup>7</sup></b>	4 (4)			4 (4)	

<sup>1</sup> Includes special board meetings.

<sup>2</sup> Mr McNally and Mr Soden ceased to be members of the Risk Management Committee in August 2018.

<sup>3</sup> Ms Akopiantz retired from the Board on 9 November 2018.

<sup>4</sup> Ms Seale retired from the Board on 31 October 2018.

<sup>5</sup> Mr Thodey was appointed to the Nomination & Governance Committee on 27 August 2018 and to the Audit Committee on 27 November 2018.

<sup>6</sup> Dr Süssmuth Dyckerhoff was appointed to the Board on 30 October 2018 and to the Risk Management Committee on 27 November 2018.

<sup>7</sup> Ms Deans was appointed to the Board on 15 November 2018 and to the People & Remuneration Committee on 27 November 2018.

### 3. Board Composition

The Board currently consists of seven Non-Executive and two Executive Directors. All of the seven Non-Executive Directors are classified as independent for the purposes of the ASX Recommendations (see section 5). Details of the background, particular qualifications, expertise and period of service of each Director are set out in the Board of Directors section on page 10 of our 2019 Annual Report.

The Nomination and Governance Committee is responsible for reviewing and making recommendations to the Board on its membership, including recommendations on the size and composition of the Board, the appointment and re-election of Directors and, where necessary, proposing candidates for consideration by the Board. The Nomination and Governance Committee must have regard to the factors set out in the Nomination and Governance Committee Charter, including that the Board should comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds in accordance with the Group Diversity and Inclusion Policy.

The Company aims to maintain a Board that comprises directors who are able to effectively understand and manage the issues arising in the Company's business, review and challenge the performance of management and optimise the Company's performance. To this end, the Nomination and Governance Committee annually assesses the composition of the Board by reference to its Board Skills Matrix.

The appointments of Dr Claudia Süssmuth Dyckerhoff and Ms Alison Deans as directors during FY2019 were made by the Board after considering the Board Skills Matrix. As noted in the Company's FY2018 Corporate Governance Statement, the Board stated that it would favourably consider any candidate to fill a casual vacancy that had multi-national and/or public policy and interface with government departments experience. The appointments of Dr Süssmuth Dyckerhoff and Ms Deans have strengthened the Board's collective expertise and experience in these areas.

During FY2019, the Board again undertook its annual skills/experiences evaluation to better inform the Board of the specific skills and experiences relevant to its role, the depth of such skills and experiences and how important those skills and experiences are to the success of the Board and the Company. As part of this evaluation, each Director was asked to assess the extent of their skills/experiences in respect of specific areas on a Level 1 (Expert/Extensive Experience) to Level 5 (limited/no experience) basis.

The results of the 2019 Evaluation continue to demonstrate that the Board is comprised of members with an extensive, diverse and relevant skill-set with depth of experience in all key areas.

The following table sets out the various skills/experience that comprise the Company's Board Skills Matrix by describing each relevant skill/experience and the number of Directors that have at least a solid amount of experience (i.e. Level 3) in respect of that skill or experience (noting that there are nine Directors in total, including the Executive Directors).

<i>Skill and Experience</i>	No. of Directors possessing relevant skill / experience (total no. of directors is 9)
<b>Sectors/Activities</b>	
<b>Health Care</b> <i>Senior executive or directorship experience in operating private hospitals or the health care sector generally</i>	7
<b>Mergers &amp; Acquisitions (M&amp;A)</b> <i>Senior executive or directorship strategic &amp; operational experience in M&amp;A and business partnerships, including joint ventures</i>	8
<b>Operational experience in Major Business</b> <i>CEO or senior executive or directorship experience in a major business focusing on business operations</i>	7
<b>International Experience</b>	
<b>Multinational/Cross-Border Experience (including Asia and/or Europe)</b> <i>Senior executive or directorship experience in a business with multinational operations</i>	9
<b>Specific Skills and Experience</b>	
<b>Strategy</b> <i>Senior executive or directorship experience in developing or implementing corporate strategy</i>	9
<b>Political Relationships</b> <i>Experience with understanding, developing &amp; maintaining long term political relationships</i>	5
<b>Public Policy and Interface with Government Departments</b> <i>Experience in public and regulatory policy; developing and maintaining relationships with multiple levels of government</i>	3
<b>Capital management &amp; Finance</b> <i>FO, senior accounting/finance practitioner or equivalent experience in financial analysis, interpretation, accounting and reporting, capital markets, corporate finance, financial risk management and internal financial controls</i>	8
<b>Technology/IT</b> <i>Knowledge or experience in the use and governance of critical information technology infrastructure and applications</i>	6
<b>Disruption</b> <i>Managing disruption and structuring business for future growth in industry sectors impacted by digital trends, technology or other disruptive factors</i>	5

<i>Skill and Experience</i>	No. of Directors possessing relevant skill / experience (total no. of directors is 9)
<b>Human relations/People &amp; Culture</b> <i>Experience in setting &amp; communicating corporate culture, motivation of key human capital talent, overseeing management and evaluating the suitability of CEOs and other key executives</i>	9
<b>Corporate Governance</b> <i>Knowledge and experience in best practice corporate governance</i>	8
<b>Consumer Goods/Consumer Focus/ Retail</b> <i>Senior executive experience in consumer goods or retail industry (including online)</i>	3
<b>Risk management</b> <i>Experience in best practice risk management practices</i>	7
<b>Marketing/communications</b> <i>Senior executive or directorship experience in or oversight of marketing and communications</i>	8
<b>Workplace Health &amp; Safety</b> <i>Experience in workplace health and safety practices</i>	4
<b>Legal &amp; Regulatory</b> <i>Legal qualifications and/or regulatory experience</i>	6

As part of the FY2019 Board Skills Evaluation, Directors were asked how important each of the above skills and experiences are to the success of the Board and the Company in achieving its strategic goals. Those skills and experiences deemed to be most important to the Company were Health Care, Capital Management & Finance and Strategy.

In considering future Board appointments to fill any casual vacancies that might arise, the Board and Nomination & Governance Committee will use the above matrix to assist in the identification of the Board's strengths and where its existing skills and experience may best be enhanced or supplemented. In considering any future candidate to fill a casual vacancy, candidates with capital management/finance and/or strategy experience will be considered favourably.

#### 4. Appointment, Induction and Training

An offer of a Board appointment must be made by the Chairman only after having consulted with all Directors and with the approval of the Board as a whole. In accordance with the Company's Constitution, a Director appointed by the Board holds office until the conclusion of the next AGM, at which he or she will be eligible for election. Prior to appointment, new Directors receive a letter of appointment which sets out the terms of their appointment. Directors are also encouraged to sign a deed of indemnity, access and insurance.

The Company has written agreements with each of its Directors, including the Managing Director and the Group Finance Director, setting out the terms of their appointment.

The Nomination & Governance Committee ensures that:

- appropriate background checks are carried out prior to the Board appointing a new Director or putting to shareholders a candidate for election. In respect of the appointments of Dr Süßmuth Dyckerhoff and Ms Deans during FY2019, appropriate checks were undertaken in accordance with Recommendation 1.2 of the ASX Recommendations; and
- shareholders are provided with all material information in the Company's possession that is relevant to a decision on whether or not to elect or re-elect a Director, most relevantly through the Notice of Meeting and Annual Report.

The Nomination & Governance Committee is also responsible for implementing an effective induction process for new Directors and regularly reviewing its effectiveness. New Directors are required to attend and complete a structured Director Induction Programme, which includes site visits to the Company's hospitals and meetings with key executives. In addition, Directors are provided with ongoing professional development and training to enable them to develop and maintain their skills and knowledge.

## 5. Director Independence

The Board considers that it is able to exercise its judgement in an independent and unfettered manner, provide independent and effective oversight of management and is highly effective in promoting the interests of shareholders as a whole.

All members of the Board, whether independent Directors or not, exercise independent judgement in making decisions in the best interests of the Company. When considering matters at Board meetings, questioning and debate amongst the Directors is encouraged and no individual Director (or small group of Directors) is permitted to dominate the Board's discussions or decision making.

The Board determines the independence status of each Director on an annual basis. In doing so, the Board considers the matters described in Box 2.3 of the ASX Recommendations. The Board may determine that a Director is independent notwithstanding the existence of an interest, position, association or relationship of a kind described in Box 2.3. The Company assesses independence on a case by case basis, having regard to the extent to which any relevant interest, position, association or relationship may materially interfere with the Director's ability to exercise unfettered and independent judgement in the discharge of their responsibilities and duties.

At the date of this Statement, Paul Ramsay Holdings Pty Limited (**PRH**) continues to be the Company's largest shareholder. Mr Siddle (Chairman) and Mr Peter Evans (Deputy Chairman) are directors of PRH and its parent company Paul Ramsay Foundation Limited.

Following the Board's recent annual review of each Director's independence, it was concluded that Mr Siddle's and Mr Evans' respective roles as directors of PRH and as directors of the PRAF as trustee of the Paul Ramsay Foundation have not interfered with, and should not be perceived to interfere with, the independent exercise of their judgement. In reaching this conclusion, the Board took into account the same factors taken into account in assessing Mr Siddle's and Mr Evans' independence in previous years (see page 19 of Ramsay's 2017 Annual Report).

In the case of Mr Rod McGeoch AO, Mr Kerry Roxburgh, Mr David Thodey AO, Dr Claudia Süßmuth Dyckerhoff and Ms Alison Deans, the Board does not consider there to be any relationships that could materially interfere with or could reasonably be perceived to materially interfere with their ability to exercise unfettered and independent judgement in the discharge of their responsibilities and duties.

Further, after due consideration, the Board has formed the view that Messrs Siddle, Evans, McGeoch AO and Roxburgh continue to be independent notwithstanding that each has each served on the Board for more than 10 years. Mr McGeoch and Mr Roxburgh have decided that they will retire from the Board at the conclusion of the AGM on 14 November 2019. Mr James McMurdo was appointed as a Non-Executive Director in September 2019 and will stand for election at the Annual General Meeting to be held in November 2019.

The Board therefore considers all Non-Executive Directors to be independent.

The remaining Directors are regarded by the Board as not independent for the reasons outlined below. In each case, the Board is satisfied that each of these Directors makes a valuable contribution to the work of the Board and has particular skills and experience that enhance the effectiveness of the Board.

- The Managing Director & CEO, Mr Craig McNally – as a current executive of the Company, Mr McNally is not independent.
- The Group Finance Director, Mr Bruce Soden – as a current executive of the Company, Mr Soden is not independent. Mr Soden stepped down as a Director of the Company with effect from 12 September 2019.

Accordingly, the Board currently comprises a majority of independent Non-Executive Directors and throughout the reporting period, the Company is satisfied that the Board operated independently of management and was highly effective in promoting the best interests of shareholders as a whole.

The independence of each Director will again be considered in FY2020.

## 6. Chairman

Mr Siddle continues in his role as Chairman of the Board. He has considerable knowledge and experience in the management of the Company, private hospitals generally and property development. Mr Siddle was the Deputy Chairman of the Board for many years and, in order to ensure continuity and stability of this highly successful Board, was appointed Chairman of the Company following the passing of Mr Paul Ramsay AO in May 2014. Given this highly relevant and valuable experience, the Board considers that the interests of the shareholders are best met by the continued contribution of Mr Siddle as Chairman.

## 7. Lead Independent Director

To enhance the independent functioning of the Board, in 2012 the Board resolved to appoint Mr Kerry Roxburgh as Lead Independent Director, updating the Board Charter to formally recognise this new role. The key functions of the Lead Independent Director are to:

- ensure that any conflicts of interest (or potential conflicts of interest) between the Company's major shareholder and the Company are identified and appropriately managed;
- promote awareness of the importance of independent judgements in the Board's decision-making;
- provide leadership to the other independent Non-Executive Directors and support them in presenting diverse perspectives on issues being considered by the Board; and
- promote constructive interaction between the independent Non-Executive Directors and all other Directors.

## 8. Access to Independent Advice

Directors are entitled to seek independent professional advice at the expense of the Company as required in the furtherance of their duties and in relation to their functions (including their Board Committee functions), subject to prior consultation with, and approval of, the Chairman or Deputy Chairman. Directors have consistently indicated in their evaluations that they consider they have adequate opportunity to access such advice.

## 9. Evaluating Board, Committee and Director Performance

During FY2019, the Board undertook a self-assessment of the performance of the Board, the Directors and the Board Committees. This self-assessment followed on from the independent third party evaluation of the Board, the Directors and the Board Committees undertaken in FY2018.

As disclosed in the Corporate Governance Statement for FY2018, the Board established a non-standing Corporate Governance Work Group, which was comprised of Ms Akopiantz (Chair), Mr David Thodey AO and Mr John O'Grady. The recommendations of that Group were accepted by the Board and included the review and update of the Charters for each of the People & Remuneration Committee (formerly the Remuneration Committee) and the Nomination & Governance Committee (formerly the Nomination Committee). In addition, the Board timetable was changed to facilitate more in depth review and discussion of issues by Directors and changes were made to the induction programme for new Non Executive Directors.

In accordance with good governance practices, the Board will engage an external consultant to undertake independent evaluations of the Board, the Directors and the Board Committees on a regular basis.

## 10. The Company Secretary

Mr John O'Grady was the Group General Counsel and Company Secretary throughout FY2019. Ms Henrietta Rowe was appointed as Group General Counsel and Company Secretary on 25 June 2019, following Mr O'Grady's decision to retire with effect from 9 August 2019. The role of Company Secretary is by Board appointment and is directly accountable to the Board, through the Chair, in relation to all matters relating to the proper functioning of the Board. All Directors have direct access to the Company Secretary.

The role of Company Secretary is set out in more detail in the Company's Board Charter.

Details of Mr O'Grady's and Ms Rowe's experience and qualifications are set out in the Board of Directors' section on page 13 of the Annual Report.

## 11. Senior Executives

The Board delegates the responsibility for the day-to-day management of the Company to the Managing Director, who is assisted by the senior executives who report to him.

The diagram below sets out details of the senior executives reporting directly to the Managing Director as at the date of this Corporate Governance Statement.



\* The role of Company Secretary is directly accountable to the Board, through the Chair

The Managing Director must consult with the Chairman or Deputy Chairman on any matters which the Managing Director considers are of such a sensitive, extraordinary or strategic nature as to warrant the attention of the Board, regardless of value. The authorisation thresholds for the control of expenditure and capital commitments by the Managing Director and senior executives are established and defined in the Company's Statement of Delegated Authorities. This Statement was reviewed in FY2019 to optimise the function and decision making of the executive as the Company continues to grow and expand geographically, whilst maintaining appropriate oversight by the Board.

Subject to these policy limits and the directions of the Board or Audit Committee, the Managing Director may sub-delegate the day-to-day running of the Company to the senior executive team.

## 12. Performance of Senior Executives

The terms of employment of Mr McNally and each recently appointed senior executive are formalised in a written services agreement. For other senior executives that have been with the Company for a considerable period of time, the terms of their employment are not formalised in written services agreements. The Company considers that the unique working environment and culture developed over many years, principally founded on 'The Ramsay Way' and exemplified through the longevity and low turnover of the Company's executive team, is such that written agreements with those longstanding senior executives are unnecessary at this time.

However, each executive's position description and the combination of financial and non-financial key performance indicators (**KPIs**) used to monitor senior executive performance are recorded in writing. Details of the KPIs used for Mr McNally in FY2019 and examples of the KPIs for other senior executives are set out in the FY2019 Remuneration Report on page 27 of our 2019 Annual Report.

The Managing Director's performance is formally assessed on an annual basis. The Managing Director's KPIs are reviewed and set annually by the Board on the basis of recommendations made by the People & Remuneration Committee at the commencement of the financial year. The People & Remuneration Committee carefully evaluates the Managing Director's performance against those KPIs and makes recommendations to the Board for final decision.

An annual assessment of the performance of all other senior executives is undertaken by the Board on the basis of recommendations by the Managing Director, who conducts performance reviews in relation to each senior executive.

A performance evaluation for all senior executives, including the Managing Director, was undertaken in the reporting period in accordance with the process disclosed above.

### 13. Diversity

The Company is proud of the considerable diversity that exists throughout the organisation’s workforce. The Company strives to create a culture that embraces the differences of ideas, perspectives and experiences that diversity brings in recognition of the positive impact a diverse workforce has on the Company’s overall performance.

During FY2019, the Board updated the Group Diversity and Inclusion Policy which is available on the Company’s website under the Social tab. The Company also has in place very comprehensive and well-developed Workplace Diversity Guidelines for Employees, including diversity criteria in its Recruitment and Selection Guidelines.

In each of its geographical business units, the Company has in place a Flexible Work Practices Policy to promote balance of work and life responsibilities and interests, such as family and carer’s, study, community and cultural needs, with the aim of accommodating employees’ needs for flexibility subject to meeting the operational needs of the business. This is exemplified by the fact that a significant number of the Company’s employees are part time with child and/or elderly care and other responsibilities and desire to obtain effective work life balance in order to maintain and progress their careers.

The Company is proud of the strong representation of women throughout the organisation. In FY2019 women comprised over 80% of employees in each of the Company’s operations in Australia, France, the United Kingdom and Asia. As at 30 June 2019, women occupied 25% of senior executive<sup>1</sup> positions and approximately 39% of the Group’s senior management positions<sup>2</sup>.

These figures do not reflect the level of female management representation in our hospital facilities, which is generally high. For example, in Ramsay Australia, Ramsay UK and Ramsay Sime Darby (Ramsay’s 50:50 joint venture with Sime Darby in Asia), more than 50% of hospital and facility CEOs/General Managers are women while in Ramsay Générale de Santé 36% of hospital and facility CEOs are women.

Leadership programmes are designed to support and prepare employees for their first move into supervisory roles through their progression to senior management and leadership positions. The diversity profile of applicants and successful candidates is assessed to ensure that such leadership programmes is broadly reflective of our workforce.

Since 2015, the Company has had two female Board members which accounts for 22% of Board members. The Board is conscious of the importance of female representation on the Board, particularly in light of the fact that women represent a substantial proportion of the Group’s overall workforce, clinicians and patients.

In order to facilitate greater gender diversity in leadership roles, the Diversity & Inclusion Policy provides that diversity and inclusion is a business imperative that assists to drive business results, enhance Ramsay’s reputation and attract, recruit, engage and retain a diverse group of talented people. The Policy requires meaningful measurable objectives for achieving gender diversity to be set, with a particular emphasis on senior levels. Reporting on the progress against the measurable objectives to the People & Remuneration Committee and/or Board occurs at least annually.

Updates on the Company’s progress against those objectives during FY2019 and the measurable objectives set for FY2020 and adopted by the Board are set out in the table below.

Measurable Diversity Objective	Timeframe	Progress in FY2019	Relevance for FY2020
Expand our talent identification, Leadership Development and succession planning processes to ensure high potential females are encouraged to consider leadership and management roles and to prepare them to take on executive management roles.	Ongoing	A new Executive Leadership Programme has been developed to further develop our executive talent. This programme considers the importance of diversity. Fifty executive leaders participated in the programme during FY2019  Following our annual talent and succession planning session, an audit is completed to consider the diversity within our succession pools.	The Executive Leadership Programme and succession process will assist us to increase gender diversity at the most senior levels.
Align the internal mentoring programme (which aims to increase opportunities for female employees in management or professional positions to have access to senior managers as mentors) with identified forecasted shortages in key management positions.	Ongoing	The Company continued to offer tailored professional development opportunities to senior management including access to mentoring and executive coaching.	The mentoring programme will continue in FY2020 with a focus on identifying mentees in areas of forecasted shortages in key management positions.

<sup>1</sup> ‘senior executive’ positions are those reporting directly to Craig McNally, Managing Director and CEO

<sup>2</sup> ‘senior management’ positions in this context are those directly reporting to the Ramsay Australia, Ramsay UK and Ramsay Générale de Santé CEOs.

Measurable Diversity Objective	Timeframe	Progress in FY2019	Relevance for FY2020
Aim to increase the percentage of women in executive and senior management positions subject to the identification of candidates with appropriate skills.	Ongoing	More than 50% of the Group's senior management positions <sup>3</sup> , including 70% in Ramsay Australia, are currently held by women.	The Company will continue to seek opportunities for high calibre female leaders in senior management positions in FY2020 and beyond.
Ensure online Discrimination, Bullying and Harassment training modules are completed by all senior managers.	Ongoing	New employees must complete the online Discrimination, Bullying and Harassment module as part of their induction programme. Further, the module is scheduled for completion by all managers bi-annually.	Compliance will again be monitored in FY2020 with a target of 100% compliance.
Review of flexible and part-time work arrangements to endeavour to ensure that roles are appropriate to maintain career development.	Ongoing	Senior managers continue to support and encourage managers to consider requests for flexibility from employees wherever practicably possible. The number of flexible working arrangements continues to increase each year.  Flexible working options are supported by the national Flexible Work Practices policies in all our markets.	Flexible work arrangements will continue to be supported and encouraged throughout FY2020.

In relation to the Australian business, each year the Company reports gender equality indicators in accordance with the Workplace Gender Equality Act 2012 and these reports can be found in the Workforce section of the Ramsay Australia website at <http://www.ramsayhealth.com.au/Sustainability/Workforce>.

### Gender Pay Equality

During FY2019, a gender pay equity audit was performed for the fixed and STI components of Hospital Executive Remuneration across Australia. The comparison demonstrated that there is no gender based pay issues within the Hospital Executive roles of Ramsay Australia with respect to the fixed and STI remuneration components. Further, in relation to employees more broadly, the majority of Ramsay's employees are covered by Enterprise Bargaining Agreements, which are designed so that people are paid equally for the same role at the same level.

Ramsay UK also publishes an annual Gender Pay Report in accordance with UK legislative requirements. The latest Report is available at <https://www.ramsayhealth.co.uk/legal-and-regulatory>

## 14. Ethical and Responsible Behaviour

### Code of Conduct and Whistleblower Policy

The Company places the highest value on ethical and responsible behaviour and has established a Code of Conduct for all Directors, officers and employees as to:

- the practices necessary to maintain confidence in the Company's integrity;
- their legal obligations from time to time and the reasonable expectations of the shareholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Code of Conduct, which is available in the Sustainability section of the Company's website (<https://www.ramsayhealth.com/Sustainability/Social>), is the subject of periodic review to ensure that it covers all relevant issues and sets standards consistent with the Company's commitment to ethical and responsible behaviours.

<sup>3</sup> 'senior management' positions in this context are those directly reporting to the Ramsay Australia, Ramsay UK, Ramsay Générale de Santé and Ramsay Sime Darby CEOs.

Employees are encouraged to report any concerns regarding serious misbehaviour including theft, fraud, bribery, breach of policies, dishonesty, harassment, bullying, unlawful discrimination, unethical or negligent behaviour, workplace safety hazards and medical negligence through the Ramsay Whistleblower Programme. The Programme has been implemented in all Ramsay facilities in Australia and the UK and includes an independent hotline service operated by Deloitte to encourage anonymous disclosures by providing a mechanism by which employees may confidentially register complaints with an organisation independent of the Company and which will in turn refer complaints to senior managers of the Company for investigation. During FY2019, the Whistleblower Policy was overseen by the Audit Committee. The Whistleblower Policy was amended in FY2018, with effect from 1 July 2019, to take into account the changes to the Australian laws relating to protected disclosures. The Risk Management Committee is responsible for oversight of the Whistleblower Policy with effect from 1 July 2019.

In relation to France, Ramsay Générale de Santé has a Whistleblower Policy having regard to legislative requirements in France ('Loi Sapin 2'). In relation to the Company's Asian joint venture, Ramsay Sime Darby, a formal whistleblowing policy is also in place.

### **Securities Trading Policy**

In line with ASX Listing Rule 12.9, the Company has in place a Securities Trading Policy. The Securities Trading Policy was last reviewed and updated during FY2017, with the updated Securities Trading Policy approved by the Board on 28 April 2017.

Under the Securities Trading Policy, all employees are prohibited from dealing (or causing or encouraging a third party to deal) in Company securities at any time while they are in possession of price-sensitive information and from dealing in securities of other listed companies where they obtain price sensitive information in relation to that other company in the course of their employment.

Under the Securities Trading Policy, the Company has adopted "trading blackouts" for "Restricted Employees" to trade. Under the "trading blackouts", "Restricted Employees" (including Directors, officers and senior executives) and their families and trusts or companies over which they have influence or control are prohibited from trading directly or indirectly in Company securities during the following blackout periods:

- the period from the close of trading on the ASX on 30 June each year, or if that date is not a trading day, the last trading day before that day, until the day following the announcement to ASX of the full-year results;
- the period from the close of trading on the ASX on 31 December each year, or if that date is not a trading day, the last trading day before that day, until the day following the announcement to ASX of the half-year results; and
- any other period that the Board specifies from time to time.

The only exception to this prohibition is where the Restricted Employee has "exceptional circumstances" and has obtained written approval to deal in Company securities outside the windows in accordance with the process set out in the Securities Trading Policy.

Restricted Employees are permitted to trade at any time other than during the "trading blackout" periods set out above, subject to receiving clearance to deal in accordance with the process set out in the Securities Trading Policy.

A copy of the Company's Securities Trading Policy is available in the Corporate Governance section of the Company's website ([www.ramsayhealth.com/Investors/CorporateGovernance](http://www.ramsayhealth.com/Investors/CorporateGovernance)).

### **Global Anti-Bribery and Corruption Policy**

To supplement the prohibition on bribery, or acceptance by staff of gifts that are beyond general commercial practice or common courtesy under the Code of Conduct, the Company has in place a Global Anti-Bribery and Corruption Policy, which was last reviewed and updated during FY2019. The updates were made following changes to the Criminal Code (Cth) 1995 and to provide greater clarity for users of the Policies. This Global Policy, which builds on and consolidates the Company's previous anti-bribery and corruption policies, now applies to all of the Company's related bodies corporate worldwide. The Policy also sets out the Company's expectations of its third party suppliers, and includes a requirement for the Company's employees to take steps to satisfy themselves that the Company is dealing with suppliers that do not engage in bribery/corruption.

The Company has also adopted a Global Gifts & Hospitality Policy which was reviewed and updated during FY2019. This Policy supplements the Global Anti-Bribery & Corruption Policy's guidance on accepting and offering Gifts and Hospitality by establishing:

- monetary thresholds for Gifts and Hospitality that, if exceeded, must be approved before a Gift or Hospitality may be accepted; and
- protocols in relation to the giving of Gifts and/or Hospitality by or on behalf of Ramsay.

The Board, through the Risk Management Committee, has primary responsibility for ensuring that both the Global Anti-Bribery and Corruption Policy and Global Gifts & Hospitality Policy are complied with. The Risk Management Committee has further delegated responsibility to test compliance with our Global Anti Bribery & Corruption Policy to the Global Chief Risk Officer, who reports to the Risk Management Committee and the Audit Committee on a quarterly basis. The controls in ensuring compliance with all key Ramsay policies, including the Anti-Bribery and Corruption Policy, form part of the Internal Audit Plan that is monitored and approved by the Audit Committee.

### **Global Human Rights and Labour Policy (Modern Slavery Act Statement)**

The Board has adopted the Ramsay Human Rights & Labour Policy. The Policy, which applies to all of the Company's businesses worldwide, sets out (among other things) the Company's commitment to only engage workers who have capacity, are of legal age and have a free will and consent to work. This Global Policy which was updated during FY2019 also sets out the steps that must be taken by the Company's business units to uphold this commitment.

Each year, the *Modern Slavery Act 2015 (UK)* requires the Company to prepare a Statement on the steps it has taken to mitigate the risk of slavery or human trafficking in its business or supply chain. The Company's FY2019 Modern Slavery Act Statement can be viewed via a link on the Company's homepage, [www.ramsayhealth.com](http://www.ramsayhealth.com), under the 'Sustainability' tab. The Company is mindful of the recently enacted *Modern Slavery Act 2018 (NSW)* and *Modern Slavery Act 2018 (Cth)*. The Company will issue its first statement pursuant to the Australian legislation with respect to FY2020.

### **Other Policies**

The Company also has in place a Code of Conduct for Agents, Manufacturers and Suppliers with whom the Company does business, which has been distributed internally and progressively implemented as a term of key supplier contracts as those contracts are entered, reviewed or renewed.

Copies of the Company's Whistleblower Policy, Global Anti Bribery and Corruption Policy, Human Rights & Labour Policy and Code of Conduct for Agents, Manufacturers and Suppliers are available in the Sustainability section of the Company's website (<https://www.ramsayhealth.com/Sustainability/Social>).

### **Sustainability**

Central to The Ramsay Way and the Company's desire to retain its status as one of the world's most sustainable organisations is its commitment to the environment. The Company has in place an Environmental Sustainability Policy, setting out the principles underpinning the Company's commitment towards environmental sustainability which are intended to form part of, and to support, all Ramsay activities. The Company's Environmental Management Program aims to implement the Policy and procedures developed under it, and to establish individual roles, a reporting structure and a programme for monitoring and auditing performance.

The Company has been included in the FTSE4Good Global Index every year since 2011. The FTSE4Good Global Index is a global index identifying companies that demonstrate strong environmental, social and governance practices (ESG), measured against globally recognised standards. Inclusion in the 2019 FTSE4Good Index demonstrates the Company's sustained commitment to global ESG standards. Further details of the Company's environmental indicators can be found in the Company's Performance and Sustainability Reports for Australia and the UK, published on the Company's website (<https://www.ramsayhealth.com/Sustainability/Overview>). The Performance and Sustainability Reports also detail the Company's performance using indicators of patient safety and quality, workplace health and safety, human resources and governance and social indicators.

## 15. Financial Reporting

### Audit Committee

The Audit Committee is responsible for assisting the Board in discharging its responsibilities to safeguard the integrity of the Company's and the Group's financial reporting and the system of internal control. A key component of the Committee's role is to provide appropriate advice and recommendations to the Board to assist the Board to fulfil its responsibilities in regard to financial reporting, the internal control environment and audit management across the Group.

The Audit Committee Charter, which was last reviewed and updated in FY2018, takes into account the roles and responsibilities of the Audit Committee, the Company's internal audit structure as well as contemporary governance practices. The Audit Committee Charter includes details on the appointment and oversight of the external auditor and the internal audit function.

Furthermore, the relevant experience and qualifications of the Audit Committee members are set out in the Board of Directors' section on page 10 of our 2019 Annual Report.

### Internal Audit

The Company has an Internal Audit function to assist in the management of the Company's risks. A risk-based internal audit plan is agreed with management and the Audit Committee on an annual basis and may include reviews in the areas of financial risk, operational risk, strategic risk and compliance with regulatory regimes, laws and standards. The results of these reviews are reported to the Audit Committee and Risk Management Committee by the Global Chief Risk Officer.

In last year's Corporate Governance Statement, the Company advised Mr Andrew Wearne was appointed as the new Global Chief Audit Executive. Mr Wearne has subsequently (in FY2019) been appointed Global Chief Risk Officer, and continues to be responsible for Internal Audit. Mr Wearne is a senior executive with over 20 years' experience in ASX top 30 companies in Europe, Asia and the South Pacific regions.

### Assurance

Prior to the Board's approval of the Company's FY2019 financial statements and in accordance with s295A of the *Corporations Act 2001 (Cth)* and the ASX Recommendations, the Managing Director and the Group Finance Director provided a declaration to the Board that:

- in their opinion, the Company's financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company; and
- their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

A similar declaration was provided by the Managing Director and the Group Finance Director prior to the Board's approval of the Company's HY2019 financial information.

The Company's external auditor, Ernst & Young, will again attend the Company's 2019 AGM and be available to answer shareholder questions concerning the audit of the Company's FY2019 financial statements.

### Tax

As part of the Company's commitment to transparency and being a responsible tax payer, the Company has voluntarily disclosed against the Australian Board of Taxation's Voluntary Tax Transparency Code. A copy of the Company's *Australian Tax Governance Report* for FY2018 can be found on the Company's website (<http://www.ramsayhealth.com/-/media/Documents/RHC/Investor/documents/RHC-Australian-Tax-Governance-Report.pdf?la=en>).

## 16. Risk Management

The Company has developed a governance structure for oversight of risk whereby material business risks can be identified at an operational level and managed and reported, ultimately to Board level, via the Risk Management and Audit Committees. The structure also allows for top-down management of risks identified at Board or Board Committee level. The Company's system of reporting encompasses both formal and informal channels.

The Board has ultimate responsibility for the oversight of enterprise risk management and satisfying itself that the risk management framework is sufficiently robust and sound. The Board has allocated responsibility for managing the Company's risks as follows:

- (a) The Board is responsible for managing strategic and political risks (including those associated with merger and acquisition activity).
- (b) The Audit Committee is responsible for managing direct financial risks to the Company and for matters relating to tax and accounting.
- (c) The Risk Management Committee is responsible for managing all other enterprise risks, with particular focus on clinical, workplace health and safety, operational, technology and environmental risks.

### The Company's risk management framework

The Company has in place a Risk Management Framework which is consistent with the definition of an 'appropriate framework' in Standard AS/NZS ISO 31000:2009 Principles and Guidelines for Risk Management.

The Risk Management Framework:

- provides a Group-wide approach which outlines the structure and policies applicable to the proactive identification, assessment, management, reporting and oversight of risks, particularly material business risks;
- encompasses all areas of risk with the capacity to adversely affect the business of the Group, such as strategic, financial, patient safety, workplace health and safety, the operating environment and legal risks;
- emphasises a collaborative approach by all stakeholders to the identification of risks, the importance of clear communication of initiatives and strategies to manage identified risk and reinforcement of compliance with such initiatives as an integral part of corporate culture; and
- provides guidance on risk treatment and prioritisation.

Our material business risks, including economic risks, together with our approach to managing those risks, are outlined in the Operating and Financial Review section on page 19 of our 2019 Annual Report.

The Company does not consider that it has any material environmental or social sustainability risks (as those terms are defined in the ASX Recommendations).

The Risk Management Committee reviews the Risk Management Framework at least annually. Following its FY2019 review, the Risk Management Committee is satisfied that the Risk Management Framework continues to be sound.

### Strategic and Operational Risks

Strategic and operational risks are considered at least annually by all operating divisions as part of the annual strategic planning, forecasting and budgeting process. Each facility is responsible for the development and maintenance of a risk management plan identifying material risks, developing strategies for dealing with those risks and developing and testing controls.

The Global Chief Risk Officer is leading a review of the Company's approach to Risk including as outlined in the Risk Management Framework with a view to further enhancing the framework and improving reporting. The review will also involve an update of the Strategic and Operational Risk profile for the Group.

## **Risk Management Committee**

The Risk Management Committee helps drive a positive culture towards risk management that promotes open disclosure and quality improvement in risk management activities in these key areas. As noted above, the Risk Management Committee is responsible for managing clinical, workplace health and safety issues and operational risks across the Group.

The Risk Management Committee Charter provides that the objective of the Committee is to oversee and drive improvement in risk management practices in:

- patient safety;
- the Company's operating environment (e.g. IT/cybersecurity, building and facilities and regulatory compliance);
- workplace health and safety

The Risk Management Committee Charter further articulates how the Committee will seek to meet the above objectives, including by:

- monitoring the Group's risk profile
- fostering a culture of continuous improvement and best practice;
- overseeing policies and evaluating internal systems that identify and manage risks;
- overseeing the design and implementation of the risk management and internal control systems (including reporting and internal audit systems) in conjunction with existing business processes and systems, to manage the Group's material risks.

There are currently four (4) members of the Risk Management Committee each of whom is a Non-Executive Director.

The relevant experience and qualifications of the Director members is set out in the Board of Directors section on page 10 of our 2019 Annual Report.

Prior to August 2018, the members of the Committee included a number of relevant senior executives, in addition to the independent non-executive directors, and the independent non-executive directors did not constitute a majority in accordance with Recommendation 7.1. From August 2018, executives attend and participate by invitation from the Risk Management Committee Chair, but are no longer treated as members of the Committee. The previous practice recognised the important contribution and input from relevant executives, however the Board does not consider it essential for these executives to be formal members of the Committee.

## **Risk Sub-Committees**

The Board has an integrated risk management reporting framework that is befitting of a transnational organisation.

Risk management structures have been established in respect of each of the Company's Australian, Continental European, UK, Malaysian and Indonesian businesses. Risk management subcommittees have also been established in Ramsay Australia, Ramsay Générale de Santé and Ramsay UK. Risks relating to the Company's Asian joint-venture are reported to the board of Ramsay Sime Darby Health Care Sdn Bhd, as part of the joint venture arrangements with Sime Darby.

Each country/region reports to the Risk Management Committee in writing at least on a quarterly basis and in a consistent format. These reports cover the management of key risks and analysis of trends relating to (among other things) clinical governance, workplace health and safety and other material enterprise risks.

Further, within each country/region, sub-committees are established with specialised responsibilities: e.g., in Australia sub-committees have been established to oversee the management of risk in relation to clinical governance risk and workplace health and safety and culture risk. These sub-committees, which report to the relevant country/region body are an important part of the Company's risk management and governance strategy as they each oversee and report on their respective area of specialisation and responsibility.

## 17. Communication

### With the Market

The Company is committed to complying with its continuous disclosure obligations under the ASX Listing Rules and Corporations Act and to ensuring that its shareholders are kept well-informed of all major developments affecting the Company's state of affairs.

The Company has a Continuous Disclosure Policy. This Policy creates a framework for compliance with relevant disclosure obligations and establishes the accountability of senior executives for achieving compliance. More specifically, the Policy:

- explains the Company's obligations under ASX Listing Rule 3.1 and the Corporations Act;
- establishes internal processes for reporting of information considered to be potentially price-sensitive and for consideration of such information by the Company Secretary, the Disclosure Committee and (where necessary) the Board;
- establishes internal processes for briefing of analysts, investor and media groups, responding to market speculation, leaks and rumours and calling trading halts where appropriate to avoid trading occurring in an uninformed market; and
- delegates to the Disclosure Committee and Company Secretary the authority to release information or make disclosures to the ASX and responsibility for decisions regarding price sensitive information, coordinating disclosures, establishing and monitoring procedures under this Policy and making recommendations to the Board on any necessary updates to the Policy.

### With Shareholders

The Company is always mindful of the importance of communicating effectively with its shareholders including by allowing shareholders access to information about the Company and its governance on its website.

A formal Communications Policy has been adopted by the Board in relation to the provision of information to shareholders, the media and the wider community.

The Communications Policy establishes internal protocols and authorisations for communications with media (including media inquiries and releases at Company and facility level), disclosure of corporate and confidential information and communications with shareholders and investors. The Policy is to be read in conjunction with the Continuous Disclosure Policy described above, which deals with the disclosure of price-sensitive information.

The Company's investor relations programme comprises the following mechanisms, which together facilitate two-way communications with shareholders and ensure that shareholders are kept fully informed and able to participate effectively at general meetings:

- financial reports, market reports and ASX releases are posted on the Investor Centre on the Company's website;
- relevant documents relating to the Company's governance arrangements are made available in the Corporate Governance and Social sections of the Company's website;
- shareholders are able to send emails to, and can elect to receive email alerts from, the Company's share registry manager facility, which is provided by Boardroom Pty Limited;
- an investor email inquiry facility has been established to ensure timely responses by the Company Secretary (for individual shareholders) or the Group Finance Director (for institutional shareholders) to all investor questions;
- correspondence from the Chairman is sent to shareholders for significant events (including via the Company's website and email alerts); and
- participation by shareholders at the AGM is actively encouraged. For example, shareholders are encouraged to submit questions to the Company's auditor prior to the AGM, with those questions answered at the AGM.

## 18. Remuneration

The Board has established a People & Remuneration Committee which, in accordance with the People & Remuneration Committee Charter, is responsible for reviewing and making recommendations to the Board in respect of:

- executive remuneration and incentive policy;
- remuneration of the Company's key management personnel, Company Secretary and any other senior executive reporting to the Managing Director;
- equity based incentive plans;
- superannuation arrangements;
- remuneration equality (including but not limited to by gender) and strategies or changes required to address any pay gap identified;
- people management policies including in relation to the development and retention of key people;
- recruitment, retention, performance measurement and termination policies and procedures for Non-Executive Directors, the Managing Director and any other Executive Director, the Company Secretary and all senior executives reporting directly to the Managing Director; and
- the disclosure of remuneration in the Company's public materials including ASX filings and the annual report.

The People & Remuneration Committee Charter was updated during FY2019. The changes to the charter reflected the recommendations of the Corporate Governance Work Group that was established during FY2018 and referred to in section 9 of this Corporate Governance Statement.

The Company distinguishes the structure of Non-Executive Directors' remuneration from that of executive Directors and senior executives.

The Company's policy is to reward executives with a combination of fixed, performance-based and equity-based incentives. To drive improvements in shareholder value, a significant proportion of remuneration for Executive Directors and senior executives is 'at risk' based on delivery of returns to shareholders. Conversely, to preserve independence and impartiality, no element of Non-Executive Director remuneration is 'at risk' (i.e. it is not based on the performance of the Company).

Non-Executive Directors receive Board and Committee fees that are set having regard to the responsibilities and risks of the role and market competitiveness. To create alignment between the interests of Non-Executive Directors and shareholders, Non-Executive Directors are encouraged to hold shares in the Company. Many of the Non-Executive Directors have acquired shares in the Company and hold them in their own right. The Board has implemented a Minimum Shareholding Policy with effect from 1 July 2019. This new Policy requires Non-Executive Directors to hold shares equal in value to their annual base salary within 5 years.

Further, following shareholder approval at the 2018 AGM, the Company continued the Non-Executive Director Share Rights Plan under which Non-Executive Directors are granted share rights that convert into ordinary shares as part of their annual board fees.

Further details about the Non-Executive Director's Share Rights Plan are contained in the FY2019 Remuneration Report.

The Company's Securities Trading Policy prohibits hedging arrangements, dealing in derivatives or any other arrangements that vary the economic risk related to the Company's securities. This includes hedging or arrangements that have the effect of limiting the economic risk in connection with unvested securities issued under an employee or Director option or share plan.

For details of the Company's remuneration structure, please refer to the Remuneration Report.

This Statement has been approved by the Board and is current as at 30 June 2019.

