

Corporate Governance Statement

# 2018



Healthscope

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# Corporate Governance Statement

## Introduction

### About this Corporate Governance Statement

The Healthscope Board is committed to maintaining high standards of corporate governance which it considers to be core to creating and delivering value for its shareholders. To this end, the Board has adopted a system of internal controls, risk management processes and corporate governance policies and practices which are designed to support and promote the responsible management and conduct of Healthscope.

This corporate governance statement sets out the key features of Healthscope's governance framework and reports against the Corporate Governance Principles and Recommendations (3<sup>rd</sup> edition) published by the ASX Corporate Governance Council (**ASX Principles and Recommendations**). Throughout FY18, Healthscope's governance arrangements were consistent with the ASX Principles and Recommendations.

In accordance with the ASX Principles and Recommendations, the policies and charters referred to in this statement are available in the *Investor Centre* on Healthscope's website at <http://www.healthscope.com.au/investor-centre>.

This Corporate Governance Statement is current as at 21 August 2018 and has been approved by the Healthscope Board.

### Key Information

Since our last corporate governance statement, Healthscope has continued to strengthen and enhance its corporate governance practices, including in the following key areas:

- Board skills – The appointment of Michael Stanford as a Non Executive Director has further enhanced the skills mix of the Board. Michael's expertise, including his deep healthcare experience and focus on operational excellence and best practice patient safety and quality, complements the Board's existing broad range of skills and experience.
- Inclusion and diversity – The integration of diversity and inclusion into our workplaces and in how we deliver services is critical to our success. Healthscope continued to perform well against our gender targets during the prior reporting period, and has renewed its gender targets for the next reporting period. Refer to "Diversity and Inclusion" for further information on these targets.
- Clinical quality and exceptional patient care – We have set ourselves an ambition to be a market leader in clinical outcomes and the delivery of exceptional patient care. To monitor our progress on this front, during the year we established external measurable benchmarks that will inform our progress as well as new governance structures and enhanced reporting to oversee continual improvement in this critical area.

- Culture – We recognise that a successful business with robust corporate governance practices requires an open, honest and ethical workplace culture.

During the year, we set ourselves an ambitious goal to create a global high performing team as measured by improvement in our sustainable employee engagement. Pleasingly, we recorded a one percent increase in our sustainable engagement measure compared to the previous survey conducted in 2016. The responses we received also indicated that our people experience the Healthscope culture as one that is caring and striving for excellence.

During the year, the foundations for an open, honest and ethical workplace culture were further enhanced through a review of Healthscope's Code of Conduct.

- o Our Code of Conduct sets the values and the standards of integrity and business ethics that Healthscope expects in our workplaces. In order to improve the Code of Conduct's clarity and guidance, several changes were made this year, including:
  - the addition of further key topics relevant to Healthscope's operations, such as, mandatory training, substance abuse and smoking;
  - a focus on compliance with the relevant law and standards, such as professional regulations and standards (including record-keeping), equal employment opportunity and discrimination rules, and cooperation during investigations and audits; and
  - further guidance on the consequences of non-compliance.
- Governance frameworks – Good corporate governance practices require effective governance frameworks and policies. To this end, Healthscope reviewed and updated a number of our key corporate governance policies during the year. Examples of revised policies included:
  - o The Policy for Dealing in Securities – this policy was reviewed with a focus on simplifying the processes in relation to approvals under the Policy.
  - o Continuous Disclosure and Market Disclosure Policies – Minor updates were made to these policies to reflect changes in responsibility amongst Senior Management members and current disclosure practices.

Refer to "Acting ethically and responsibly" and "Other Key Governance policies and frameworks" for a summary of these policies and other key policies of Healthscope.

# Corporate Governance Statement

## Board and management composition, roles and responsibilities

### The role of the Board

The Board is responsible for the overall governance of Healthscope including overseeing and evaluating Healthscope's strategies, policies, performance and reporting to shareholders. The Board delegates to the Chief Executive Officer (CEO) and senior management matters involving the implementation of corporate strategy and management of Healthscope's day-to-day activities.

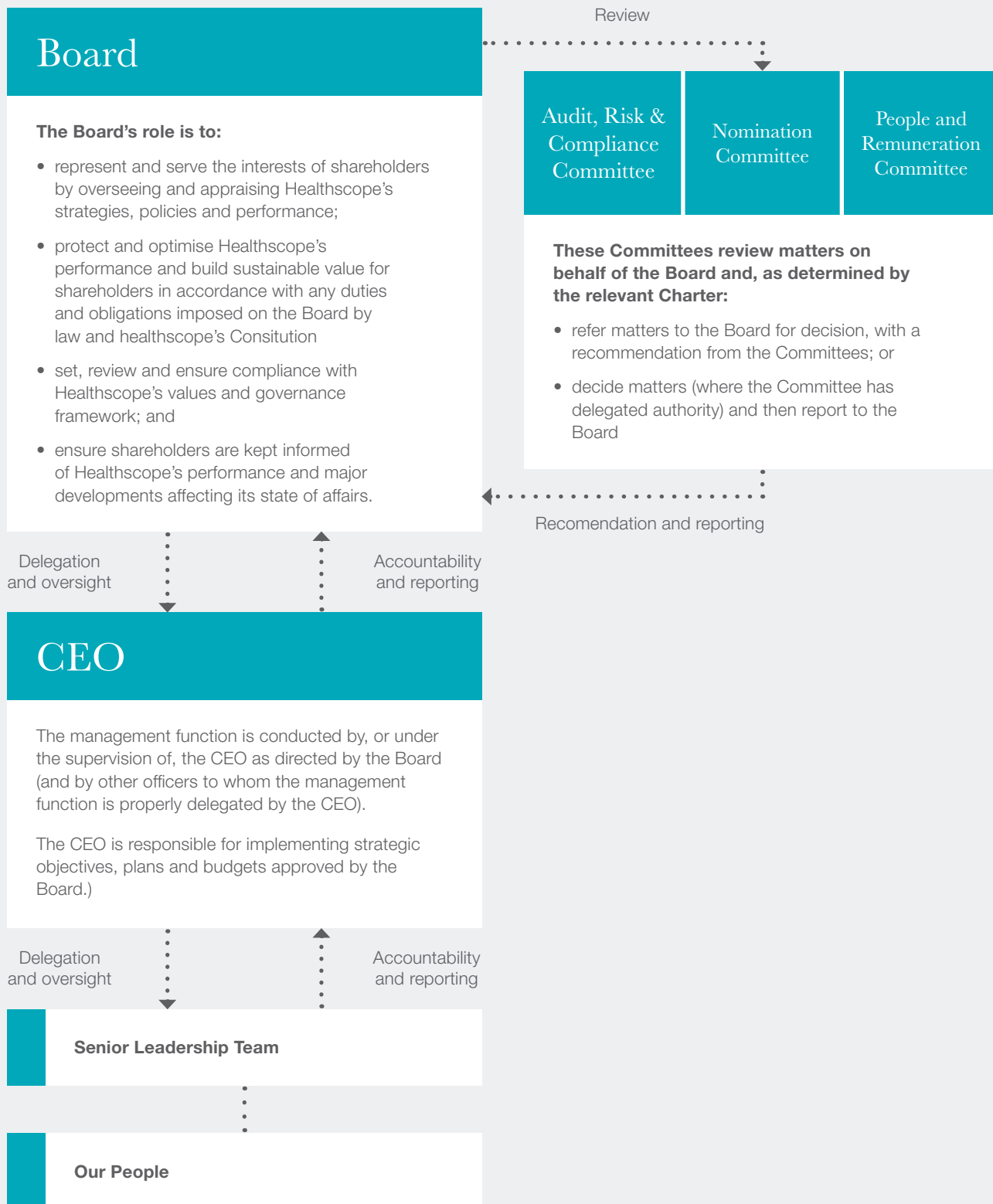
The Board has adopted a charter which sets out the Board's role, powers and duties and establishes the functions reserved for the Board and those which are delegated to management. The Board's responsibilities as set out in the Board Charter include:

- selecting, appointing, removing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the CEO;
- contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control and ethical and legal compliance;
- monitoring corporate performance and implementation of strategy and policy;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting; and
- developing and reviewing corporate governance principles and policies.

The diagram below summarises Healthscope's governance framework and the functions reserved for the Board in accordance with the Board Charter.



# Corporate Governance Statement



Board and Committee Charters and the Company's Constitution are available on Healthscope's website.



# Corporate Governance Statement

## Chairman's appointment and responsibilities

Under Healthscope's Constitution, the Board selects the Chairman from the Directors. The Chairman leads the Board and is responsible for the efficient organisation and effective function of the Board. The Chairman ensures that Directors have the opportunity to contribute to Board deliberations.

## Board composition

Board composition is determined in accordance with Healthscope's Constitution (which provides that the Board must comprise of a minimum three and a maximum of eight Directors), the Board Charter and the Nomination Committee Charter.

The Board currently comprises seven independent Non Executive Directors and one Executive Director (the Managing Director and CEO). Further discussion on the Board's assessment of independence is set out after the following table.

Director	Position	Independent?
Paula J. Dwyer	Non Executive Chairman	YES
Gordon Ballantyne	Managing Director and CEO	NO
Tony Cipa	Non Executive Director	YES
Jane McAloon	Non Executive Director	YES
Rupert Myer	Non Executive Director	YES
Paul O'Sullivan	Non Executive Director	YES
Michael Stanford	Non Executive Director	YES
Ziggy Switkowski	Non Executive Director	YES

## Director independence

The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment.

The Board has adopted guidelines, set out in the Board Charter, which are used to guide independence assessments and are based on the definition of independence listed in Box 2.3 of the ASX Principles and Recommendations.

In accordance with these guidelines, the Board generally considers a Director to be independent if they are not members of management and they:

- are not employed, or have not been previously employed in an executive capacity by the Company or another group member, or there has been a period of at least three years between ceasing such employment and serving on the Board;
- have not within the last three years been a partner, director or senior employee of a provider of material professional services to the Company or another group member;
- have not within the last three years been in a material business relationship (e.g. as a supplier or customer) with the Company or other group member or an officer of or otherwise associated directly or indirectly someone with such a relationship;
- are not a substantial shareholder of the Company, or officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;
- have no material contractual relationship with the Company or another group member, other than as a director of the Company;
- do not have close family ties with any person who falls within any of the categories described above;
- have not been a director of the entity for such a period that his or her independence may have been compromised; and
- are free from any interest, 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.

The Board considers the materiality of a director's interests, position, association or relationship on a case-by-case basis.

Having regard to these criteria, the Board considers that all current Non Executive Directors are independent.

Gordon Ballantyne, being the Managing Director and CEO, is not independent.

# Corporate Governance Statement

## Skills and diversity of the Board

Together, Healthscope's Directors have a broad range of financial and other skills, experience and knowledge. The composition of the Board is under regular review as part of careful planning for orderly Board succession and renewal and to ensure that the Board holds the core skills and competencies required to meet the developing operational and economic environment, as well as Healthscope's strategic objectives.

The following table sets out the skills, experience and diversity of the Directors in office as at the date of this statement.

Category	Number of Directors
<b>Skills and experience</b>	
<b>Leadership in CEO or senior executive capacity</b> Sustained success at CEO or senior executive level in a major business.	7
<b>Strategy and development</b> Experience in executing or overseeing strategy implementation and developing new businesses, including start-ups, mergers, acquisitions and divestments.	8
<b>Financial acumen</b> Qualifications and experience in accounting and/or finance, including the ability to assess the quality of financial controls, analyse financial statements, assess financial performance, and oversee capital management and funding arrangements.	8
<b>Governance, risk and compliance</b> Knowledge and experience in best practice governance structures, policies and processes, including establishing risk and compliance frameworks, identifying and monitoring key risks.	8
<b>Information technology</b> Knowledge and experience in the use and governance of critical information technology infrastructure and applications.	8
<b>People</b> Experience with managing people and teams, including the ability to appoint and evaluate CEO and senior executive level managers, oversee strategic human resource management, talent development, engagement and organisational change.	8
<b>Remuneration</b> Experience in a Board Remuneration Committee or at a senior executive level in relation to overseeing remuneration practices, including incentive plans, superannuation, and legislative frameworks.	8
<b>Sustainability/corporate social responsibility</b> Experience related to workplace health and safety, environmental and social responsibility and community.	8
<b>Public policy</b> Experience in public and regulatory policy, including established relationships with industry groups and state and federal governments.	8
<b>International experience</b> Experience in international market, exposed to a range of political, cultural, regulatory and business environments.	8
<b>Industry experience</b> Experience at a domestic or international healthcare business.	5
<b>Capital projects</b> Experience working in industry with projects involving large scale capital outlays and long-term investment horizons.	8

The skills, experience and expertise of each Director, including current and former directorships and length of service, are set out in more detail in the biographies on pages 16 – 17 of Healthscope's 2018 Annual Report.

# Corporate Governance Statement

## Tenure

Under Healthscope's Constitution, and as required by the ASX Listing Rules, a Director must not hold office (without re-election) past the third Annual General Meeting following the meeting at which the Director was last elected or re-elected. Directors who retire in accordance with this requirement are eligible for re-election. When a vacancy is filled by the Board during a year, the new Director must stand for election at the next Annual General Meeting. The requirements relating to retirement from office do not apply to the CEO.

Each Director's suitability for re-election will be considered on a case-by-case basis, having regard to individual performance.

## Director selection and succession planning

Board succession planning is based on the objective that the Board comprise directors with a broad range of skills, expertise and experience from a range of backgrounds, including gender.

A brief overview of the process for the selection and appointment of new Directors is set out below.

Process	Explanation
<b>Policy in relation to selection and appointment of new directors</b>	<ul style="list-style-type: none"><li>Factors to be considered when reviewing a potential Director candidate include the skills, experience, expertise and personal qualities that will best complement Board effectiveness, the existing composition of the Board, the capability of the candidate to devote the necessary time and commitment to the role and potential conflicts of interest.</li><li>The identification of potential director candidates may be assisted by the use of external search organisations as appropriate. Appropriate background checks are conducted before appointing a Director or putting forward to shareholders a candidate.</li></ul>
<b>Nomination Committee recommendation</b>	<ul style="list-style-type: none"><li>The Nomination Committee has responsibility for making recommendations to the Board on matters such as succession plans for the Board and suitable candidates for appointment to the Board.</li></ul>
<b>Appointment</b>	<ul style="list-style-type: none"><li>An offer of a Board appointment must be made by the Chairman only after having consulted all Directors, with any recommendations from the Nomination Committee having been circulated to all Directors.</li><li>At the time of appointment of a new Non Executive Director, the key terms and conditions relevant to that person's appointment are set out in a letter of appointment. All current Non Executive Directors have been provided with a letter setting out the terms of their appointment.</li></ul>
<b>Shareholder communications</b>	<ul style="list-style-type: none"><li>When candidates are submitted to shareholders for election or re-election, Healthscope includes in the notice of meeting all information in its possession that is material to the decision whether to elect or re-elect the candidate.</li></ul>

## Induction and ongoing professional development opportunities

The Nomination Committee is responsible for ensuring that an effective director induction process is in place, and for regularly reviewing its effectiveness.

The induction process includes meetings with executives and management, the provision of materials such as strategic plans and core corporate governance policies, site visits to some of Healthscope's key facilities and meetings with other Directors.

Michael Stanford commenced as a Non Executive Director in March 2018 and undertook a comprehensive induction process which was tailored to his requirements.

The Company also offers appropriate professional development opportunities for Directors to ensure that they are kept up to date with developments in the industry both locally and at an international level. Management, together with external industry experts, brief the Board on relevant industry, regulatory and legal developments.



# Corporate Governance Statement

## Conflicts of interest

In accordance with Healthscope's Constitution and the *Corporations Act 2001* (Cth) (**Corporations Act**), Directors are required to declare the nature of any material personal interest they have in relation to matters that are before the Board. Except as permitted by the Corporations Act, Directors with a material personal interest in a matter being considered by the Board may not be present when the matter is being considered and may not vote on the matter.

## Access to information and independent advice

The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chairman, at Healthscope's expense.

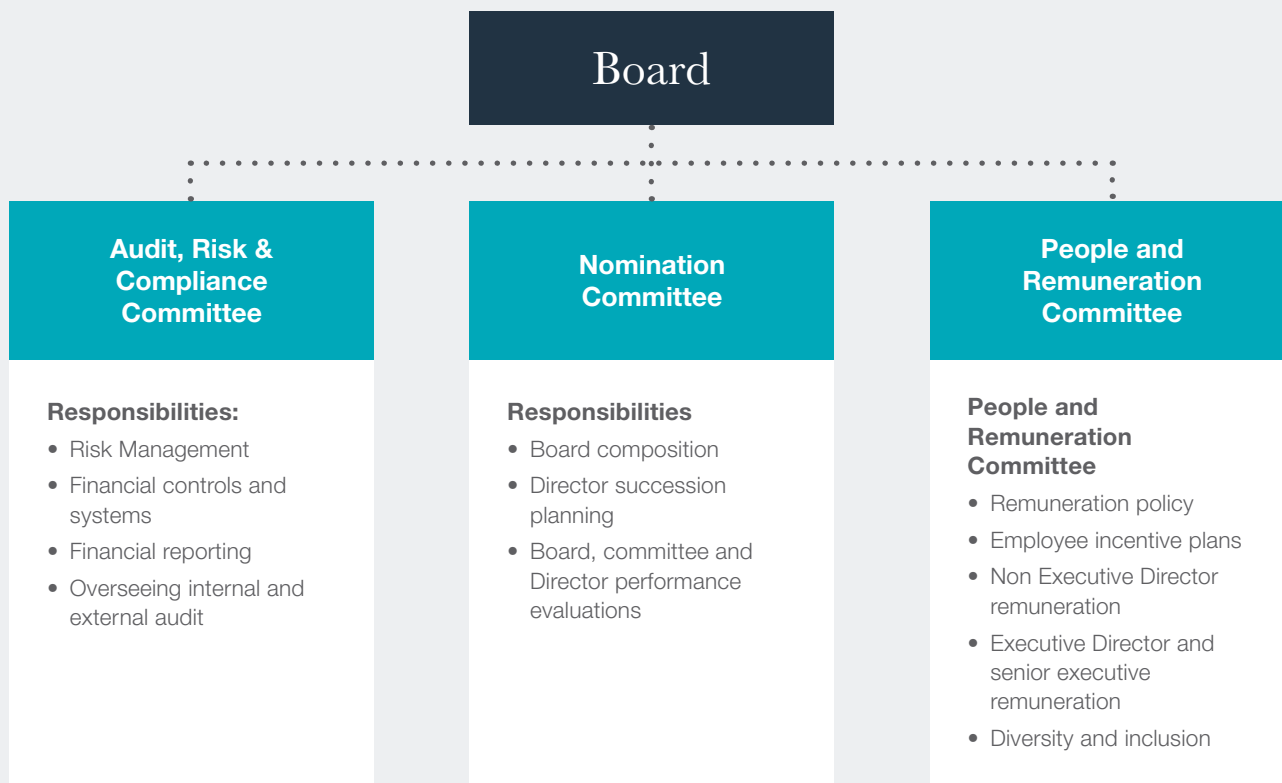
The Company Secretary, who is accountable to the Board through the Chairman, provides advice and support to the Board and is responsible for all matters to do with the proper functioning of the Board.

## Board Committees

### Committees of the Board

The Board from time to time establishes Committees to streamline the discharge of its responsibilities.

The permanent standing Committees of the Board, and their key responsibilities, are set out in the diagram below. All standing Committees have a formal Charter which sets out their role and responsibilities, membership requirements and administrative matters which is reviewed and updated annually.



The qualifications and experience of each Committee member are set out on pages 16 – 17 of Healthscope's 2018 Annual Report. Details of the number of Board and Committee meetings Directors attended during the reporting period are set out on pages 22 – 23 of that report.

# Corporate Governance Statement

## Audit, Risk and Compliance Committee

### Composition and role

Under the Audit, Risk and Compliance Committee Charter, the Committee must consist of:

- only Non Executive Directors;
- a majority of independent Directors;
- an independent chair, who is not chair of the Board; and
- a minimum of three members of the Board.

The current members of the Audit, Risk and Compliance Committee are:

Director	Position
Tony Cipa	Chair
Paula J. Dwyer	Member
Jane McAloon	Member
Rupert Myer	Member
Paul O'Sullivan	Member
Michael Stanford	Member
Ziggy Switkowski	Member

The Committee met on 4 occasions during FY18.

The Committee's key responsibilities include oversight of:

- the Company's relationship with the external auditor and the external audit function generally;
- the Company's relationship with the internal auditor and the internal audit function generally;
- the preparation of financial statements and reports; and
- the process for identification and management of risk.

The Committee has rights of access to management and auditors (external and internal) without management present, and rights to seek explanations and additional information from both management and auditors.

Minutes of meetings of the Committee are kept by the Company Secretary and, after approval by the Committee chair, are presented at the next Board meeting.

### Responsibilities in relation to the external audit

Healthscope's external auditor is Deloitte. The Audit, Risk and Compliance Committee provides a link between the external auditors, the Board and management. It also has the responsibility (subject to Corporations Act requirements) for the appointment and remuneration of the external auditor, as well as for evaluating its effectiveness and independence.

The Board has approved a policy on non-audit services provided by the external auditor which clearly sets out the type of non-audit services which are prohibited because they would create a real or perceived threat to the independence of the external auditor.

The Independence Declaration by the external auditor is set out on pages 35 of Healthscope's 2018 Annual Report. The Committee's role in relation to the internal audit function is discussed on page 11 of this report.

## Nomination Committee

### Composition and role

Under the Nomination Committee Charter, the Committee must consist of:

- a minimum of three members;
- a majority of independent Directors; and
- an independent Director as Chair.

The current members of the Nomination Committee are:

Director	Position
Paula J. Dwyer	Chair
Tony Cipa	Member
Jane McAloon	Member
Rupert Myer	Member
Paul O'Sullivan	Member
Michael Stanford	Member
Ziggy Switkowski	Member

The Committee met on 1 occasion during FY18.

The Nomination Committee has a formal Charter which sets out its role and responsibilities, composition, structure and membership requirements.

The Committee makes recommendations to the full Board on the size and composition of the Board and the criteria for Board membership, assists the Board as required in relation to the performance evaluation of the Board, its committees and individual directors.

# Corporate Governance Statement

## People and Remuneration Committee

### Composition and role

Under the People and Remuneration Committee Charter, the Committee must consist of:

- only Non Executive Directors;
- a minimum of three members;
- a majority of independent Directors; and
- an independent director as Chair.

The current members of the People and Remuneration Committee are:

Director	Position
Rupert Myer	Chair
Paula J. Dwyer	Member
Tony Cipa	Member
Ziggy Switkowski	Member

The Committee met on 4 occasions during FY18.

The role of the People and Remuneration Committee is to review key aspects of Healthscope's remuneration structure and arrangements and make recommendations to the Board. For example, the Committee reviews and recommends:

- remuneration arrangements for the Executive Directors and the executives reporting to the CEO (including annual remuneration and participation in incentive plans);
- major changes and developments to employee incentive plans; and
- remuneration arrangements for Non Executive Directors.

The People and Remuneration Committee is also responsible for oversight of Healthscope's Diversity and Inclusion Policy and reviewing diversity metrics.

## Performance evaluation and remuneration

### Performance evaluation process

The Company has established performance evaluation processes for the Board, Committees, individual Directors and senior executives. These are summarised below.

- **Board, Committees and Directors:** On an annual basis, Directors provide written feedback in relation to the performance of the Board, its Committees and individual Directors. The CEO will also provide feedback from senior management in connection with any relevant issues. Feedback will be discussed by the Board, and consideration given as to whether any steps should be taken to improve performance. Where appropriate, assistance may be obtained from third party advisers.

- **CEO and senior executives:** The Managing Director undertakes annual performance reviews with the Senior Leadership Team, with specific focus on performance against set objectives including consideration of alignment with Healthscope's values. Separately, performance objectives for the coming year are also established. The terms of the employment of Healthscope's senior executives are set out in an employment contract. The performance evaluation process is conducted having regard to the expectations and responsibilities associated with the executive's role, as well as any relevant contractual provisions.

Performance evaluations took place in FY18 in accordance with the processes described above.

## Remuneration

### Remuneration of Non Executive Directors

Non Executive Directors receive a fixed amount of fees for their services, determined having regard to:

- the level of fees paid to Non Executive Directors of other major Australian companies;
- the size and complexity of Healthscope's operations; and
- the responsibilities and work requirements of Board members.

They do not receive any variable or "at-risk" remuneration or other performance related incentives.

### Remuneration of senior executives

The principles that guide Healthscope's executive remuneration policy are that:

- remuneration structures are equitable and aligned with the long term interests of Healthscope and its shareholders;
- remuneration structures are designed to attract and retain skilled executives;
- short and long term incentives are challenging and linked to the creation of sustainable shareholder returns; and
- any termination benefits are justified and appropriate.

These principles ensure that the level and composition of remuneration is appropriate, and also that there is a clear link between pay and performance.

In addition, under Healthscope's Policy for Dealing in Securities (discussed in further detail below), senior executives are not permitted to hedge their exposure in respect of vested or unvested equity-based awards they receive as part of their remuneration.

Further information relating to the remuneration of Healthscope's Non Executive Directors and Key Management Personnel is set out in the Remuneration Report on pages 36 – 54 of Healthscope's 2018 Annual Report.

# Corporate Governance Statement

## Risk Management and Controls

### Risk identification and management

The Audit, Risk & Compliance Committee assists the Board with regard to oversight of Healthscope's risk management practices by reviewing and reporting to the Board that:

- Healthscope's ongoing risk management program effectively identifies all areas of potential risk;
- adequate policies and procedures have been designed and implemented to manage identified risks;
- a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- proper remedial action is undertaken to redress areas of weakness.

In line with the ASX Principles and Recommendations, Healthscope's risk management framework is reviewed annually in accordance with the Audit, Risk and Compliance Committee Charter. The review undertaken during the year by the Audit, Risk and Compliance Committee confirmed that Healthscope's framework is consistent with the Standard AS/NZS ISO 31000:2009 Principles and Guidelines for Risk Management.

The risk management framework incorporates all areas of risk such as financial, strategic, emerging, clinical, operational, safety, environmental and legal risks. Each business unit is responsible for the development and maintenance of a risk register which identifies, analyses, evaluates, monitors and reports significant risks.

A review of the key strategic and operational risks is performed with the senior executives twice annually and is considered by the Audit, Risk and Compliance Committee.

### Internal audit

Healthscope has an internal audit function that assists the Board in the oversight of risk management by undertaking an objective evaluation of Healthscope's internal control framework.

The internal audit function has a direct reporting line to the Audit, Risk and Compliance Committee which is responsible for the review, appointment and dismissal of the senior internal audit executive. The purpose, scope, authority, accountability and responsibility of Internal Audit is set out in an Internal Audit Policy that is reviewed and approved annually by the Board.

This Committee approves and reviews the results and effectiveness of the annual internal audit risk-based program and has the opportunity to meet with the internal auditor without management being present.

### Business and sustainability risks

There are a number of material business risks that could adversely affect Healthscope and the achievement of Healthscope's financial performance objectives. Those risks and how they are managed are described on pages 30 – 32 of Healthscope's 2018 Annual Report (see the 'Material Business Risks' section).

Healthscope is committed to the long term sustainability of its operations. As Healthscope strives to deliver strong health care and business outcomes, the Board understands that Healthscope's strategy must be executed in a responsible, ethical and sustainable way. Healthscope's sustainability framework focuses on four key areas:

- Patient safety and quality;
- People;
- Giving to the communities within which it operates; and
- Environmental sustainability.

More information about Healthscope's sustainability framework and performance is available in the sustainability section of Healthscope's website.

### CEO and CFO assurance

The Board receives regular reports from management about Healthscope's financial condition and operational results. Before the Board approves the financial statements for a financial period, the CEO and the CFO give a declaration to the Board that, in their opinion, Healthscope's financial records have been properly maintained and the financial reports comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Healthscope, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The CEO and the CFO gave this declaration to the Directors for the half year ended 31 December 2017, and the full year ended 30 June 2018.

# Corporate Governance Statement

## Diversity and Inclusion

Healthscope recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity - diversity drives Healthscope's ability to attract, retain, motivate and develop the best talent, create an engaged workforce, deliver the highest quality services to its doctors, patients and customers and continue to grow the business.

The Company made progress against the objectives set by the Board for the period 1 April 2017 – 31 March 2018 as outlined in the table below:

Target	Progress
Maintain 50% representation of females as identified potential successors in succession plans for Senior Management roles.	Achieved – 60% of potential successors in succession plans for Senior Management roles at the end of the period were women
Maintain at least 50% female representation amongst the short listed candidates for Senior Management recruitment in the reporting period, with a long term goal to achieve gender balance in the Senior Leadership Team, and an aim to increase representation of women in the Senior Leadership Team to 30% by the end of CY2018.	During the reporting period, 50% of short listed candidates for Senior Management roles were women.

In light of the progress against the objectives set for 2017/2018, the Board has determined that for the period 1 April 2018 – 31 March 2019 Healthscope will maintain the same targets as outlined above.

## Gender equality

The following table shows the representation of men and women at Healthscope as at May 2018.

Level	Proportion of men	Proportion of women
Board (excluding Managing Director and CEO)	71.4%	28.6%
Senior Leadership Team	71.5%	28.5%
Senior Management	48%	52%
All employees	18.3%	81.7%

More information on Healthscope's gender diversity is available in Healthscope's most recent *Workplace Gender Equality Report* which can be accessed in the Sustainability section of Healthscope's website.

Healthscope's Diversity and Inclusion Policy is available in the Investor Centre on Healthscope's website.

# Corporate Governance Statement

## Acting ethically and responsibly

Healthscope is committed to a high level of integrity and ethical standards in all business practices.

### Code of Conduct

The Board has adopted a formal Code of Conduct which outlines how Healthscope expects its representatives to behave.

The Code is designed to:

- promote a high level of professionalism and provide a benchmark for ethical and professional behaviour throughout Healthscope;
- promote a healthy, respectful and positive workplace and environment for all employees;
- support Healthscope's business reputation and corporate image within the wider community; and
- make employees aware of the consequences of breach.

Healthscope's Code of Conduct is available in the Investor Centre on Healthscope's website.

### Diversity and Inclusion Policy

Healthscope believes that a diverse workforce is a key advantage, and that diversity drives Healthscope's ability to attract, retain, motivate and develop the best people, create an engaged workforce, deliver high quality services to its doctors, patients and customers and continue to grow its business

### Political Donations

Healthscope does not make direct contributions to any political party. However, Healthscope does pay fees to attend events organised by political parties so that it can actively contribute to discussion on major policy issues with key opinion leaders and policy makers. Healthscope publicly declares contributions to political parties consistent with the requirements of the Australian Electoral Commission.

### Whistleblower Policy

Healthscope's Whistleblower Policy provides an avenue for its people to report suspected unethical, illegal or improper behaviour without being victimised as a consequence. Under the Policy, disclosures may be made confidentially and anonymously to a designated Whistleblower Protection Officer.

### Philanthropic Donations Policy

Healthscope aims to provide a coordinated program of philanthropic support to improve the health and wellbeing of communities in the countries in which we operate by supporting organisations and projects which focus on:

- disadvantaged groups;
- people living in rural, regional and remote areas; and
- in recognition that women represent 80% of our workforce, women.

## Other Key Governance policies and practices

### Policy for dealing in securities

Healthscope's Policy for Dealing in Securities is intended to explain the types of dealings in securities that are prohibited under the Corporations Act and establish a best practice procedure for the buying and selling of securities that protects Healthscope, its Directors and employees against the misuse of unpublished information which could materially affect the value of securities.

The Policy applies to all Directors, officers, senior executives and employees of Healthscope and its related bodies corporate and their connected persons. The Policy imposes restrictions on those persons who are reasonably expected to possess price sensitive information from time to time, being:

- Directors;
- The Senior Leadership Team; and
- other members of Healthscope's leadership designated by the Company Secretary (ie, Senior Management and other key personnel).

and their connected persons (**Restricted Persons**).

The Policy provides that Restricted Persons must not deal in Healthscope's securities:

- when they are in possession of price-sensitive information;
- on a short term trading basis;
- during trading blackout periods (except in exceptional circumstances); and
- during any other times, unless prior written approval is provided by the CEO (in the case of an employee), the Chair of the Board (in the case of a director or the Senior Leadership Team) or the Board or the Chair of the Audit, Risk and Compliance Committee (in the case the Chair of the Board).

Breaches of the Policy are treated seriously and may lead to disciplinary action being taken, including forfeiture of securities and/or suspension or termination of employment.

Healthscope's Policy for Dealing in Securities is available in the Investor Centre on Healthscope's website.



# Corporate Governance Statement

## Continuous disclosure

Healthscope is committed to complying with its disclosure obligations under the Corporations Act and the ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of Healthscope's securities.

Recognising the importance of these obligations, Healthscope has taken a number of steps to ensure compliance, including:

- the adoption of a Continuous Disclosure Policy by the Board;
- the establishment of a Disclosure Committee which has primary responsibility for compliance with the continuous disclosure obligations. The Disclosure Committee is constituted by the CEO, CFO, and the Company Secretary (or their delegates); and
- the provision of training on continuous disclosure obligations to Directors and senior executives.

Healthscope's Continuous Disclosure Policy is available in the Investor Centre on Healthscope's website.

## Communications with shareholders

Healthscope's policy is to promote effective two-way communication with shareholders so that they are kept informed of all major developments affecting the state of affairs of Healthscope. Healthscope also has in place an investor relations program to facilitate communication with investors (see below).

Website	<p>One of Healthscope's key communication tools is its website located at <a href="http://www.healthscope.com.au">www.healthscope.com.au</a>. Important information about Healthscope can be found under the <b>Investor Centre</b> on its website.</p> <p>The website also contains a facility for shareholders to direct inquiries to Healthscope.</p>
Annual reporting	<p>Healthscope's <b>Annual Report</b> is available on its website and contains important information about the Company's activities and results for the previous financial year. Shareholders can elect to receive the Company's Annual Report as an electronic copy or in hard copy through the mail.</p>
Company announcements	<p>All ASX announcements, including full year and half year financial results, are available via the Company's <b>website</b> as soon as they have been released by the ASX.</p>
Annual General Meeting	<p>Healthscope places the full text of all notices of meetings and explanatory material on its website. Healthscope encourages shareholders to provide email addresses so that notices of meeting and explanatory material can be sent to shareholders electronically.</p> <p>Healthscope encourages full participation of shareholders at its AGM each year. For those shareholders who are unable to attend in person, Healthscope webcasts its AGMs on its website and lodges a full transcript of the Chairman's and the CEO's speeches with the ASX.</p> <p>Shareholders are encouraged to lodge direct votes or proxies electronically, subject to the adoption of satisfactory authentication procedures.</p> <p>Deloitte, Healthscope's external auditor, attends the AGM and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. Deloitte also has a reasonable opportunity to answer written questions submitted by shareholders to the auditor as permitted under the Corporations Act.</p>
Investor relations	<p>To encourage two-way communication, Healthscope provides a telephone helpline facility and an online email inquiry service to assist shareholders with any queries.</p> <p>Information is also communicated to shareholders via periodic mail outs, or by email to shareholders who have provided their email address.</p>

Healthscope's Market Disclosure and Communications Policy is available in the Investor Centre on Healthscope's website.

# Corporate Governance Statement

## Glossary

### Senior Leadership Team

The CEO and his direct reports

### Senior Management

Healthscope's National Executive (including all members of the Senior Leadership Team), as well as all Australian-based direct reports to members of the National Executive (which includes hospital general managers and senior corporate managers).

