



**A. PURPOSE**

The Bermuda Hospitals Board (the "Board") has the responsibility for the stewardship of the hospital and to oversee the conduct of the business of the Board including the Modernization Project. The Board's fundamental objectives are to enhance and preserve long-term value, to ensure the hospital meets its obligations on an ongoing basis and that the hospital operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests of that others such as employees, and the members of the public may have in the hospital. In overseeing the conduct of the business, the Board, through the Chief Executive Officer, shall set the standards of conduct for the organization.

**B. COMPOSITION, PROCEDURES AND ORGANIZATION**

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. Subject to the Bermuda Hospitals Board Act 1970, the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

The Minister responsible for Health as defined in the Act, shall determine the number of Board members, which shall consist of the Chief of Staff, the Chief Medical Officer and the Permanent Secretary for the Ministry responsible for Health (as ex-officio non-voting members), the President of the Hospitals Auxiliary Board and one person from the Bermuda Hospitals Charitable Trust (as ex-officio voting members) and not be less than seven or more than ten members each appointed by the Minister by notice published in the Gazette, required to effectively manage its affairs. The Board members are appointed by the Minister and serve during the Minister's pleasure for a period to terminate three years from the date upon which the appointment took place.

The Board shall meet at least 10 times per year and may also hold additional meetings as considered necessary. ***The non-executive members shall meet, without members of management, as appropriate.***



## **C. DUTIES AND RESPONSIBILITIES**

The Board's principal duties and responsibilities fall into a number of categories which are outlined below.

### **1. Legal Requirements**

- (a) The Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained;
- (b) The Board has the statutory responsibility to:
  - supervise the management of the business and affairs of the Hospital;
  - act honestly and in good faith with a view to the best interests of the Hospital;
  - exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and
  - act in accordance with its obligations under the Act and the regulations thereto and other relevant and applicable legislation and regulations.

### **2. Independence**

The Board has the responsibility to ensure that appropriate structures and procedures are in place to permit the Board to function independently of management.

### **3. Strategy Determination**

The Board has the responsibility to:

- (a) at least annually, participate with management, in the development of, and ultimately approve, the Hospital's strategic plan, taking into account, among other things, the opportunities and risks of the Hospital's business;
- (b) approve annual capital and operating budgets that support the Hospital's ability to meet its strategic objectives;
- (c) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Hospital;
- (d) approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;
- (e) approve material divestitures and acquisitions;
- (f) monitor the Hospital's progress towards its strategic objectives, and revise and alter its direction through management in light of changing circumstances;
- (g) conduct periodic reviews of human, technological and capital resources required to implement the Hospital's strategy and the regulatory, cultural or governmental constraints on the business; and



- (h) review, at every regularly scheduled Board meeting if feasible, recent developments that may affect the Hospital's strategy, and advise management on emerging trends and issues.

#### **4. Financial and Corporate Issues**

The Board has the responsibility:

- (a) to take reasonable steps to ensure the integrity and effectiveness of the Hospital's internal control and management information systems, including the evaluation and assessment of information provided by management and others (e.g., internal and external auditors) about the integrity and effectiveness of the Hospital's internal control and management information systems;
- (b) to review operating and financial performance relative to budgets and objectives;
- (c) to approve the annual financial statements and notes thereto, management's discussion & analysis of financial condition and results of operations contained in the annual report, the annual information form and the management information circular;
- (d) to submit the Audit & Risk Committee's appointment of the external auditors for the Hospital to the stakeholders of the Hospital for ratification; and
- (e) to approve significant contracts, transactions, and other arrangements or commitments that may be expected to have a material impact on the Hospital.

#### **5. Managing Risk**

The Board has the responsibility to understand the principal risks of the business in which the Hospital is engaged, to achieve a proper balance between risks incurred and the potential return to stakeholders, and to ensure that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Hospital.

#### **6. Appointment, Training and Monitoring Senior Management**

The Board has the responsibility:

- (a) to appoint the Chief Executive Officer, to monitor and assess the CEO's performance against corporate goals and objectives, to determine the CEO's compensation, considering the recommendations of the Human Resources Committee, and to provide advice and counsel in the execution of the CEO's duties;
- (b) to approve the appointment and remuneration of all executive officers, acting upon the advice of the CEO;
- (c) to the extent possible, to satisfy itself as to the integrity of the CEO and other executive officers and satisfy itself that the CEO and other executive officers are creating a culture of integrity throughout the Hospital;



- (d) to approve certain decisions relating to executive management, including the:
  - (i) appointment of executive officers;
  - (ii) compensation and benefits for executive officers;
  - (iii) acceptance by the CEO of any outside memberships on public companies or any significant public service commitments; and
  - (iv) employment, consulting, retirement and severance agreements, and other special arrangements proposed for senior officers; and
- (e) to ensure that adequate provision has been made to train and develop management and for the orderly succession of the CEO and the other senior officers.

## **7. Policies, Procedures and Compliance**

The Board has the responsibility:

- (a) to ensure that the Hospital operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- (b) to approve and monitor compliance with significant policies and procedures by which the Hospital is operated;
- (c) to ensure the Hospital sets high environmental standards in its operations and is in compliance with environmental laws and legislation;
- (d) to ensure the Hospital has in place appropriate programs and policies for the health and safety of its employees in the workplace; and
- (e) to review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).

## **8. Governance**

The Board has the responsibility:

- (a) to appoint Board committees, including an Audit & Risk Committee, and delegate to those committees any appropriate powers of the Board;
- (b) to review the size and composition required of the Board and approve nominations for candidates for election to the Board, with a view to ensuring that the Board is comprised of members with the necessary skills and experience to facilitate effective decision-making;
- (c) to develop the Hospital's approach to corporate governance; and
- (d) to review annually its terms of reference and its performance and the performance of the Board committees, the Chairman of the Board and the Chair of the committees to ensure that the Board and the committees are operating effectively.



## **9. Reporting and Communication**

The Board has the responsibility:

- (a) to adopt a communication or disclosure policy for the Hospital and ensure that the Hospital has in place effective communication processes with staff and with financial, regulatory and other institutions and agencies;
- (b) to ensure that the financial performance of the Hospital is accurately reported to the Minister of Health in a timely and regular basis in accordance with all applicable laws, rules and regulations;
- (c) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles in effect at the time and all applicable rules and regulations;
- (d) to ensure the timely reporting of any other developments that have a significant and material impact on the value of the Hospital;
- (e) to approve the content of the Hospital's major communications to the Ministry of Health and the public, including the Annual Reports (including the financial statements and Management, Discussion and Analysis), the Management of Information (including the Compensation, Discussion and Analysis and disclosure of corporate governance practices); and
- (f) to report annually to Cabinet on its stewardship of the affairs of the Hospital for the preceding year.

## **D. MEMBERS OF THE BOARD**

The Chairman and the Deputy Chairman are accountable to the Minister of Health and shall have the duties of a member of the Board as set out in the Bermuda Hospitals Board Act 1970, applicable corporate law and in the Hospital's constituting documents and as otherwise determined by the Minister of Health. The Chairman is responsible for the management, development and effective performance of the Board and leads the Board to ensure that it fulfills its duties as required by law and as set out in the Board Terms of Reference.

### **1. Appointment**

Any person appointed to be a member of the Board shall hold office during the Minister's pleasure and, unless his appointment is earlier terminated, it shall be deemed to terminate three years from the date upon which such appointment took effect.

The term of office of appointed members shall be such as to ensure, so far as possible, the expiration in any such year of not more than one half of the terms of office of those members.



## **2. Vacancy**

Where a vacancy occurs at any time in the position of Chairman, it shall be filled by the Minister of Health. The Minister of Health may remove and replace the Chairman and Deputy Chairman at any time.

## **3. Duties**

The Chairman is responsible to:

- (a) organize the Board to function independently of management;
- (b) promote ethical and responsible decision making, appropriate oversight of management and best practices in corporate governance;
- (c) ensure that the Board works as a cohesive team and provide the leadership essential for this purpose;
- (d) ensure that the responsibilities of the Board are well understood by both the Board and management, and that the boundaries between Board and management responsibilities are clearly understood and respected;
- (e) manage the affairs of the Board, including ensuring that the Board is organized properly, functions effectively and meets its obligations and responsibilities;
- (f) act as a liaison between the Board and senior management to ensure that relationships between the Board and senior management are conducted in a professional and constructive manner;
- (g) provide advice, counsel and mentorship to other members of the Board, the CEO and other senior members of management;
- (h) lead the Board in establishing, reviewing and monitoring the strategy, goals, objectives and policies of the Hospital;
- (i) communicate all major developments and issues to the Board in a timely manner, initiate opportune discussion of such matters and ensure provision to the Board of sufficient information to permit the Board to fulfill its oversight responsibilities;
- (j) communicate with all members of the Board to co-ordinate their input, ensure their accountability and provide for the effectiveness of the Board and its committees;
- (k) adopt procedures to ensure that the Board can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
- (l) ensure that, where functions are delegated to appropriate committees, the functions are carried out and results are reported to the Board;
- (m) as necessary and in consultation with the CEO, ensure the Hospital, and where appropriate the Board, is adequately represented at official functions and meetings with major stakeholders, others, financial analysts, media and the investment community;
- (n) determine, in consultation with the Board and management, the time and places of the meetings of the Board and of the annual general meeting;



- (o) co-ordinate with management and the Secretary to ensure that matters to be considered by the Board are properly presented and given the appropriate opportunity for discussion;
- (p) ensure the Board has the opportunity to meet without members of management present on a regular basis;
- (q) assist in the preparation of the agenda of the Board meetings;
- (r) preside as chair of each meeting of the Board and as chair of each meeting of the stakeholders of the Hospital; and
- (s) carry out other duties as requested by the Board as a whole, depending on need and circumstance.

**E. COMMITTEE CHAIRS**

**1. Appointment**

The Chair of each Committee shall be appointed annually by the Board Chair.

**2. Qualifications of a Committee Chair**

Each Committee Chair shall be a duly elected member of the Board.

**3. Vacancy**

Where a vacancy occurs at any time in the position of a Committee Chair, it shall be filled by the Board. The Board may remove and replace a Committee Chair at any time.

**4. Duties**

The Chairman of a Committee shall lead and oversee the applicable Committee to ensure it fulfills its mandate as set out in its terms of reference. In particular, the Chairman shall:

- (a) organize the Committee to function independently of management, including organizing in-camera sessions and other meetings without management;
- (b) foster ethical and responsible decision-making by the Committee and its members;
- (c) deal effectively with dissent and work constructively towards arriving at decisions and achieving consensus;
- (d) ensure that the Committee has an opportunity to meet without members of management present at regular intervals;
- (e) determine, in consultation with the Committee and management, the time and places of the meetings of the Committee;



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- (f) manage the affairs of the Committee, including ensuring that the Committee is organized properly, functions effectively and meets its obligations and responsibilities;
- (g) co-ordinate with management and the secretary to the Committee to ensure that matters to be considered by the Committee are properly presented and given the appropriate opportunity for discussion;
- (h) provide advice and counsel to the Chief Executive Officer and other senior members of management in the areas covered by the Committee's mandate;
- (i) preside as chair of each meeting of the Committee; and
- (j) communicate with all members of the Committee to co-ordinate their input, ensure their accountability and provide for the effectiveness of the Committee.
- (k) Report to the Board on a monthly basis, the activities of the Committee.

### F. INDIVIDUAL MEMBERS

Each Member (i) shall act honestly and in good faith in the best interests of the Hospital and its s and (ii) must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, each Member shall have the following responsibilities:

#### 1. Responsibilities of Corporate Stewardship

Each Member has the responsibility to:

- (a) represent the best interests of the Hospital and its stakeholders, assist in the maximization of value and work towards the long-term success of the Hospital;
- (b) advance the interests of the Hospital and the effectiveness of the Board by bringing his or her knowledge and experience to bear on the strategic and operational issues facing the Hospital;
- (c) provide constructive counsel to and oversight of management;
- (d) respect the confidentiality of information and matters pertaining to the Hospital;
- (e) maintain his or her independence, generally and as defined under applicable securities laws, and objectivity;
- (f) be available as a resource to the Board; and
- (g) fulfill the legal requirements and obligations of a member and shall develop a comprehensive understanding of the statutory and fiduciary roles of a member.

#### 2. Responsibilities of Integrity and Loyalty

Each Member has the responsibility to:

- (a) comply with the Hospital's Policies and Procedures;



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- (b) disclose to the Chairman of the Board prior to the beginning of his or her service on the Board, and thereafter as they arise, all actual and potential conflicts of interest; and
- (c) disclose to the Chairman of the Board, in advance of any Board vote or discussion, if the Board or a committee of the Board is deliberating on a matter that may affect the Member's interests or relationships outside the Hospital and abstain from discussion and/or voting on such matter as determined to be appropriate.

### 3. Responsibilities of Diligence

Each Member has the responsibility to:

- (a) prepare for each Board and committee meeting by reading the reports, minutes and background materials provided for the meeting;
- (b) attend in person the annual transition meeting of the Hospital and attend all meetings of the Board and all meetings of committees of the Board of which the Member is a member, in person or by telephone, video conference, or other communication facilities that permit all persons participating in the meeting to communicate with each other; and
- (c) as necessary and appropriate, communicate with the Chairman and with the CEO between meetings, including to provide advance notice of the Member's intention to introduce significant and previously unknown information at a Board meeting.

### 4. Responsibilities of Effective Communication

Each Member has the responsibility to:

- (a) participate fully and frankly in the deliberations and discussions of the Board;
- (b) encourage free and open discussion of the Hospital's affairs by the Board;
- (c) establish an effective, independent and respected presence and a collegial relationship with other Members;
- (d) focus inquiries on issues related to strategy, policy, and results;
- (e) respect the CEO's role as the chief spokesperson for the Hospital and participate in external communications only at the request of, with the approval of, and in coordination with, the Chairman and the CEO;
- (f) communicate with the Chairman and other Members between meetings when appropriate;
- (g) maintain an inquisitive attitude and strive to raise questions in an appropriate manner and at proper times; and
- (h) think, speak and act in a reasoned, independent manner.



**5. Responsibilities of Committee Work**

Each Member has the responsibility to:

- (a) participate on committees and become knowledgeable about the purpose and goals of each committee; and
- (b) understand the process of committee work and the role of management and staff supporting the committee.

**6. Responsibilities of Knowledge Acquisition**

Each Member has the responsibility to:

- (a) become generally knowledgeable about the Hospital's business and its industry;
- (b) participate in Member orientation and education programs developed by the Hospital from time to time;
- (c) maintain an understanding of the regulatory, legislative, business, social and political environments within which the Hospital operates;
- (d) become acquainted with the senior officers and key management personnel; and
- (e) gain and update his or her knowledge about the Hospital's facilities and visit these facilities when appropriate.

**G. Outside Consultants or Advisors**

At the Hospital's expense, the Board may retain, when it considers it necessary or desirable, outside consultants or advisors to advise the Board independently on any matter. The Board shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to review a consultant's or advisor's fees and other retention terms.