

SOUTHERN CROSS HEALTHCARE GROUP PLC

TERMS OF REFERENCE OF THE QUALITY ASSURANCE
COMMITTEE

Quality Assurance Committee: Terms of Reference

(as approved by the Board of Directors of Southern Cross Healthcare Group PLC (the "Company") on 16 February 2010

1. The Quality Assurance Committee is a sub-committee of the Board, whose purpose is to assist the board in the effective discharge of its responsibilities for corporate governance. The Quality Assurance Committee has no executive powers with regard to its recommendations and does not relieve the Directors of their responsibilities for these matters.
2. The Quality Assurance Committee comprises not less than three directors of the Company, to be selected by the Board. In addition the Group Human Resources Director and the Director of Care shall also serve on the committee. The Board must from time to time review the composition of the Quality Assurance Committee.
3. If any member of the Quality Assurance Committee is unable to act for any reason, the chairman of the Quality Assurance Committee may appoint any other director of the Company to act as his alternate.
4. The chairman of the Quality Assurance Committee, who should be an independent non-executive director, shall be appointed by the Board. In the absence of the chairman of the Quality Assurance Committee, the remaining members present shall elect one of their number to chair the meeting.
5. The Company Secretary is the secretary of the Quality Assurance Committee.
6. The quorum for meetings of the Quality Assurance Committee is two of its members.
7. No one other than a Committee member is entitled to attend meetings of the Quality Assurance Committee but others may attend by invitation.
8. Meetings of the Quality Assurance Committee are to be held not less than three times a year. Any of the Committee members may request a meeting of the Quality Assurance Committee if he or she considers it necessary, to be arranged by the secretary.
9. The Quality Assurance Committee is authorised by the Board:
 - 9.1 to investigate any activity within its terms of reference and to obtain within a reasonable timeframe any information it requires from the group regulation and compliance manager or any other employee of the Company and all employees are directed to cooperate with any such request.
 - 9.2 to disclose any matter relating to these terms of reference that is (or is deemed to be) significant, to the Board or Audit Committee of the Company.
 - 9.3 to obtain such legal or other independent professional advice as it deems necessary to fulfil its responsibilities;
 - 9.4 to secure the attendance of other persons at its meetings if it considers this necessary;
 - 9.5 to obtain the advice and assistance of any of the Company's executives provided their role in providing such advice and assistance is clearly separated from their role within the business; and

10. The general duties of the Quality Assurance Committee are:
 - 10.1 to monitor the compliance and quality assurance of the Company in relation to the obligations imposed on it by statute or any regulatory authority;
 - 10.2 to conduct regular reviews of the key operational management reports of the business (including inspection reports from regulators);
 - 10.3 to review reports on quality issues presented by any member of the Committee, the Group Risk Management Committee, or any member of the Board;
 - 10.4 to monitor the professional and personal development of staff;
 - 10.5 to monitor delivery of the Company's corporate social responsibility objectives;
 - 10.6 to monitor the environmental impact of the business;
 - 10.7 to promote the Company's personalisation and dignity programmes; and
 - 10.8 to monitor the presentation of quality related issues in the media.
11. The specific duties are:
 - 11.1 to assess the effectiveness of internal quality reporting and internal controls with a view to ensuring the sustainability of performance;
 - 11.2 to review significant communications received from the Regulatory Authority with specific emphasis on homes falling into the Red/Amber categories in the regulator's inspection reports;
 - 11.3 to identify any patterns or trends evident from its review of inspection reports received from regulators;
 - 11.4 to review feedback obtained from internal surveys of service users, regulators and staff;
 - 11.5 to review reports relating to staff training, development and turnover;
 - 11.6 to discuss significant quality assurance issues arising from risk and internal audit functions;
 - 11.7 to review compliance and quality assurance procedures on a regular basis;
 - 11.8 to review reports from the Companies Community Links and Environmental Policy Group.
 - 11.9 to refer to the Board any matters which require to be addressed by a full meeting of the Board;
 - 11.10 to keep under review its own performance, constitution and terms of reference;
 - 11.11 to consider other matters as referred to the Quality Assurance Committee by the Board;
 - 11.12 to report to the Board on the work of the Committee; and
 - 11.13 to report any significant issues that arise between Board meetings to the Company Chairman.

12. The Secretary must send the minutes of meetings of the Quality Assurance Committee to all members of the Quality Assurance Committee and the chairman of the Board and, once agreed, to all other members of the Board.