

ProCare Networks Limited Board Charter

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Purpose of this Charter

The purpose of this charter is to provide a framework within which the Board of ProCare Network Limited (PNL) operates to ensure a high standard of governance and to clarify the role and responsibility of the PNL Board.

The PNL Board Charter sets out the role, responsibilities, composition, procedures, authority and accountability of the PNL Board.

The Company Constitution is the overriding governance document for the PNL Board. In the event of any conflict between the Constitution and this Charter, the Constitution takes precedence.

PNL Governance

ProCare Networks Limited (PNL) is 100% owned by ProCare Health Limited (PHL). It is accountable to the PHL Board and operates under the PHL governance framework.

PNL is a Primary Health Organisation (PHO), which is funded by three Auckland District Health Boards (DHBs) to ensure the provision of essential primary health care services, mostly through general practices, to those people who are enrolled with the PHO.

Glossary

Alliances: PNL is a participant in:

- *the Auckland Waitemata District Alliance (Alliance);*
- *the Auckland Waitemata Rural Alliance (Rural Alliance);*
- *the Counties Manukau Health Alliance;*
- *the Franklin Rural Service Alliance and,*
- *the Alliance Leadership teams that govern all of these Alliances.*

Board: Unless otherwise stated, Board in this charter refers to the Board of ProCare Networks Limited.

Company: Unless otherwise stated, Company in this charter refers to PNL.

PHL: ProCare Health Limited, the parent company of ProCare Networks Limited.

PNL: ProCare Networks Limited.

Executive Officer: The PNL Executive Officer is the General Manager – Practices Services of ProCare Health Limited

Role of the Board

The PNL Board is responsible for ensuring that PNL discharges its responsibilities under its PHO Services Agreement and achieves the agreed outcomes. PNL currently holds an PHO agreement with:

- Auckland District Health Board
- Counties Manukau District Health Board
- Waitemata District Health Board

The Management Services Agreement and the Services Level Agreement between PNL and PHL provide the day to day management of PNL which is delegated to PHL. The PNL Board is responsible for monitoring PHL's performance with respect to these matters.

The legitimate interests of all stakeholders are taken into account in the decision making of the Board.

In carrying out its responsibilities and powers as set out in this charter, the Board will at all times recognise its overriding responsibility to act honestly, fairly, ethically, diligently and in accordance with the law.

Responsibilities of the Board

The PNL Board is responsible for ensuring that PNL:

- Fulfils its duties and provides the services detailed in the PHO Service Agreement;
- Achieves and delivers the outcomes detailed in the PHO Service Agreement, including to:
 - Support its Enrolled Population and other Eligible Persons to stay well;
 - Contribute to ensuring the clinical and financial sustainability of the health system;
 - Ensure that its Enrolled Population and other Eligible Persons receive quality, co-ordinated care delivered by multi-disciplinary teams, that is easy to access and is provided close to home;
 - Support all population groups to achieve optimum health outcomes and reduce disparities; and
 - Achieve outcomes determined by the Alliance.
- Regularly assesses the Board's own performance.

Delegation of management services

The PNL Board delegates the management of the Company through its Management Services Agreement with PHL, performance of which is measured on a twice annual basis, through a Service Level Agreement.

The Board will delegate to the PHL CEO the appropriate levels of authority necessary to operate the Company, through the ProCare Delegations Policy.

The PNL Chairman acts as the principal interface between the PHL Board and PHL CEO (and his/her delegates) and the Board.

Direct contact between the Board and members of the PHL Senior Management Team is encouraged, with the consent of the Chairman, with the CEO (and his/her delegates, including the PNL Executive Officer for day to day operational matters) acting as a conduit for such engagement.

The PNL Board will fulfil its responsibilities by:

- Providing oversight to the management team of PHL, as detailed in the Management Services Agreement;
- Directing the operation of PNL in a manner that furthers the interests of the Company and its stakeholders, namely the enrolled population, its general practices and other providers, and its parent company, PHL;

- Overseeing risk management, in particular ensuring the risks associated with investing public health funds in healthcare are managed effectively (noting the PNL Board places reliance on the PHL Audit and Risk Assurance Committee as its delegate for risk assurance functions);
- Setting the policy and strategic direction for PNL and approving the annual operating plans and approving annual purchasing intent programmes;
- Ensuring there are adequate resources to meet PNL’s objectives;
- Reviewing the financial and operational performance and integrity of reporting at least six times per year;
- Receiving, reviewing, and providing feedback to PHL, and if appropriate approving, the annual financial statements and auditors’ report;
- Monitoring compliance with regulatory requirements, ethical standards, clinical standards, and corporate responsibility requirements;
- Reviewing at least half yearly the performance of PHL as management services provider to PNL; and
- Reporting at least annually to the enrolled population, providers, funding agencies and to PHL as shareholder.

Board Composition, Nomination and Retirement of Directors

Composition

All Board members will be appointed by the PHL Board. Members of the Board will not be employees of PNL or PHL.

The number of Directors shall be not less than eight nor more than 11 and should comprise persons having skills and expertise in health, business, community knowledge and consultation.

The Board shall comprise:

- A Chairman appointed by the PHL Board.
- Two GP Directors who are shareholders in PHL appointed by the PHL Board.
- Two community representatives nominated by the ProCare Maori Advisory Committee, in consultation with the PHL Chairman.
- One community representative nominated by the ProCare Pacific Advisory Committee, in consultation with the PHL Chairman.
- The Chairman of the Community Liaison Committee.
- The Chairman of either the Clinical Governance Committee or the Clinical Quality and Education Committee. In the event that neither is available to serve in this capacity, an alternative will be identified in consultation with the PHL Chairman.
- A practice nurse who is an employee of a shareholder in PHL.
- Remaining positions on the PNL Board will be appointed by the PHL Board following identification of suitable candidates with the appropriate additional skills necessary for successful operation of the Board.

- Diversity is promoted by the Board, and appointments are made to ensure that an appropriate mix of clinical, commercial and community expertise is maintained and that Directors represent the communities and geographies serviced by PHL.

Term of office

- Directors will be appointed for a fixed term, usually three years, but will be eligible for reappointment at the end of their term.
- It is expected that Directors will not stand for reappointment after nine years (three terms) unless PHL decides in its best interest the member serve another one to three year term.

Vacating Office

- A Director may resign office by delivering a signed notice of resignation in writing to the address for service of the Company. The notice is effective when it is received at that address or at a later time specified in the notice.

Process for the Recruitment and Appointment of New Directors

- Refer also to PHL director recruitment policy. A contestable process for recruitment is encouraged and recommendations are to be made through the PNL Chairman to the PHL board with accompanying information (e.g. fit with PNL board skills matrix and Curriculum Vitae).

Roles within the Board

Role of Directors

Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly, these include:

- Acting in good faith and in the best interests of PNL as a whole.
- Exercising high standards of honesty and ethical behaviour and acting in accordance with PHL's Code of Ethics.
- Refraining from making improper use of information gained through the position of Director and from taking improper advantage of the position of Director.
- Avoiding conflicts of interest or managing them appropriately including filing declarations of interest with the PHL Company Secretary.
- Bringing a diversity of opinions and views to bear on decisions.
- Developing a future focus rather than looking to the present or past.
- Acting with informed and independent judgement.
- Without limiting Directors' right to express their views freely in discussions/meetings with other Directors and to freely exercise their voting rights as Directors, once decisions have been made by the Board all Directors are expected to support the letter and spirit of those decisions outside the Board.

- Directors will keep confidential all Board information, discussions, deliberations, and decisions that are not publicly known. Directors' obligations in this matter will continue after they have ceased to be Directors.

All Directors are expected to continuously educate themselves, according to their individual needs, to ensure they can appropriately and effectively perform their duties.

Role of Board Chairman

The Chairman of the PNL Board shall be appointed by PHL.

The Board Chairman is responsible for the following:

- Providing leadership to the Board and PNL.
- Acting as the public spokesperson for the Board.
- Planning and presiding over Board meetings.
- Directing Board meetings in such a manner as to ensure the full and fair participation of all Directors.
- Promoting consultative and respectful relations between Board members, with the PHL Board and between the Board and PHL management.
- Promoting an environment of trust, respect and openness to ensure consultative and constructive relationships between the Board and PHL management, and the PHL Board.
- Monitoring Board performance.

Once appointed, the Chairman will hold office until their term ceases or sooner at the request of the PHL Board.

Role of Deputy Chairman

The Board may appoint a Deputy Chairman if required, to undertake the duties of the Chairman, if the Chairman is absent.

Role of Company Secretary

The Company Secretary is responsible for the following:

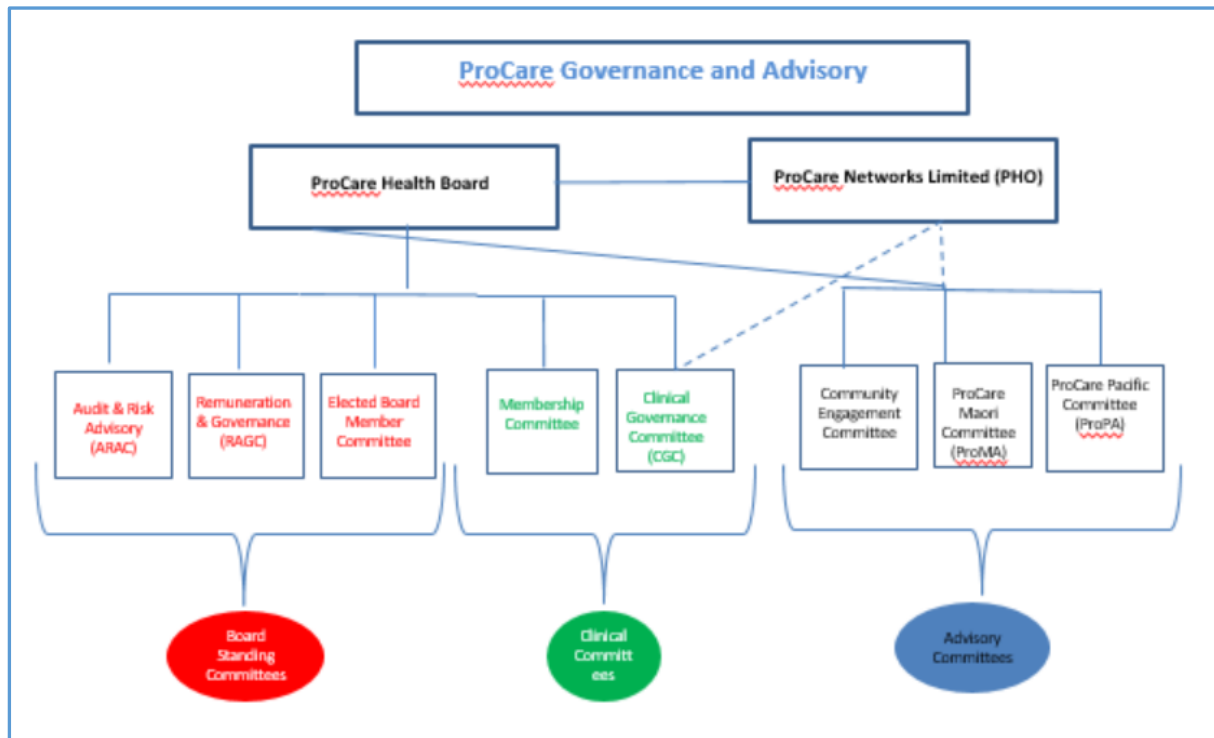
- Filing all statutory and regulatory returns required to be filed by PNL and undertaking all necessary tasks to ensure compliance with legal and regulatory requirements.
- Taking minutes of Board meetings and committee meetings.
- Preparing papers required by the Directors for Board meetings.
- Managing the induction of new Directors.
- Monitoring compliance with Board policy and procedures.
- Holding Company documentation.
- Providing all information required by PHL to perform its management functions on behalf of PNL.

All Directors have access to the Company Secretary.

Board Committees

From time to time, the Board may convene committees to support it in discharging its responsibilities. The PHL Board has a number of standing and clinical committees and these committees also undertake activities for PNL. These committees do not make binding Board decisions, but make recommendations to the Board.

PHL and PNL Board committees are shown below:



- Current PNL advisory committees are: Community Engagement Committee, ProCare Maori Committee (ProMA) and ProCare Pacific Committee (ProPA).
- The Board will review the effectiveness of its Board committees at least bi-annually (every two years) to ensure they are operating in a manner consistent with this Board Charter and continue to provide valuable advice to the PNL Board.
- Committees have Terms of Reference that define their role, life span, procedures, functions and authorities. Terms of Reference are reviewed annually.
- Minutes of each committee meeting will be provided to the PNL Board at the next Board meeting following the committee meeting.

Board Procedures

- The PNL Board will meet no less than six times each calendar year. Meetings may be held by Directors communicating with each other through technological means by which they can participate in the discussion, even though they may not be physically present in the same place.
- The agenda and supporting papers for each Board meeting will be distributed to Directors no less than five working days prior to each Board meeting.

- Directors are permitted to access, during business hours, those Board papers which relate to the period of his/her term in office and will be provided with a copy of such Board papers upon request.
- The Board develops a work plan covering the upcoming 12 months and each meeting focuses on aspects of the work plan. The work plan is designed to ensure regular review of progress towards the achievement of the strategic vision and relevant strategic issues.
- The Chairman determines the agenda for each Board meeting, in consultation with PNL Executive Officer, though all Directors are free to suggest items for inclusion on the agenda.
- Minutes will be taken of all Board and committee meetings. All discussions and the record of the meeting will remain confidential unless there is a specific direction from the Board or disclosure is required by law. Minutes will be circulated to all Directors and approved as a true and correct record at the subsequent meeting. When approved, the minutes will be signed by the Chairman of the Board (or Chairman of that meeting, if different) and entered into the Company minute book.
- Open and constructive discussion is encouraged at all Board and committee meetings, and each Director is expected to fully participate in discussions, having read all Board and briefing papers provided.
- The Board strives to reach unanimous decisions. Where that is not possible, a Board resolution is passed by majority. In the event of a tie, the Chairman casts the deciding vote.
- The Remuneration and Governance Committee makes the recommendation to the PHL Board for setting fees for Directors.

Board Remuneration

- Directors' remuneration is paid in the form of Directors' fees, which are set by PHL and reviewed every two years.
- Directors' expenses directly incurred as a result of carrying out their duties as a Director will also be reimbursed, including travel expenses as detailed in the PHL Claimable Expenses and Reimbursement Guidelines.
- Directors who are appointed to standing committees of the PNL Board are entitled to receive additional compensation for their attendance.
- Directors who undertake work for PNL that falls outside the usual duties of a Director, are, with the prior agreement of the PNL Chairman, entitled to receive compensation for the professional services provided. In agreeing for work to be undertaken, the PNL Chairman will consult with the PNL Executive Officer to determine the availability of funds for the work to be undertaken.
- The fees paid to Directors are noted annually in the PNL Annual Report

Board Effectiveness

- **Director Protection:** PHL carries insurance for PNL Directors against liability for any act or omission they make in their capacity as Director. Criminal liability is not covered. Directors are to note that some liability, e.g., accountability under Health and Safety legislation, cannot be covered by insurance.
- **Board Access and Independent Advice:** Directors may access such information and seek such independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgement in decision making. This includes access to members of the PHL Management Team, via the PHL Company Secretary, at any time to request relevant additional information or seek explanations.

Directors are also entitled to, with the Chairman's consent (after having first consulted with the PHL CEO for the purpose of obtaining funding), seek independent professional advice at the Company's expense. The Director will ensure, so far as is practicable, that the cost is reasonable.

However, in the event a Director takes legal action against PNL or any other entity in which PHL has an interest, or intends to do so, that person's rights of access will be limited to those provided by law.

- **Board Induction:** A newly appointed or elected Director is provided with an induction pack containing sufficient information to familiarise themselves with PHL's strategy, financial and legal status, and general business, and with the workings of the Company and its Board.
- **Board Evaluation:** The Board undertakes a bi-annual structured assessment of its performance, and the performance of individual Directors, against criteria established by the Board.

The Board shall review and approve this Board Charter every two years.

Reviewed and Approved: 5 September 2017

Next Review Date: September 2019