

ProCare Network Limited Board Charter

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1. Purpose of this Charter

The purpose of this charter is to set a framework within which the ProCare Network Limited Board provides good governance for the benefit of its shareholders. The shareholders of the Co-op are Practices and Medical Practitioners. The Board Charter sets out the role, responsibilities, composition, procedures, authority and accountability of the Co-op Board.

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

2. Definitions

- 2.1 Board: Unless otherwise stated, the Board in this charter refers to the Board of Directors of ProCare Network Limited.
- 2.2 ProCare: Refers to ProCare Network Limited (“Co-op”) and ProCare Health (PHO) Limited (“PHO”) referred to as “the organisation” and any associated companies or subsidiary businesses
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- 2.3 ProCare Health (PHO) Limited: The Co-op manages ProCare Health (PHO) Limited, which is a Primary Health Organisation (PHO), funded by the three metro-Auckland District Health Boards to ensure the provision of essential primary health care services, mostly through general practices, to those people who are enrolled with the PHO.
 - 2.4 CEO: Refers to the Chief Executive Officer of ProCare.
 - 2.5 Elected and Appointed Director: Is as defined in the Co-op Constitution.
 - 2.6 Senior Manager: Refers to the ProCare Executive Leadership Team who report directly to the CEO of ProCare, also referred to as “Management”, or “Executives”.
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3. Co-op Governance

- 3.1 ProCare Network Limited is a Co-operative Company. Its shares are held by a) Healthcare Providers (practices) who are a party to the terms of trade and provide health services in the community or b) Health Practitioners who have a qualifying relationship with a ProCare Network Limited Healthcare Provider. The Co-op provides services to its members.
 - 3.2 The Board is responsible for setting the strategic direction of the organisation and adopting appropriate governance processes to ensure effective oversight of the organisation on behalf of shareholders, employees and other stakeholders.
 - 3.3 The Board is committed to high standards of corporate governance and follows, in principle, the corporate governance guidelines and principles developed by the Financial Markets Authority and the New Zealand Institute of Directors.
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4. Role of the Board

- 4.1 The Board sets the strategic direction of the Co-op, establishes the overall policy framework within which the business of the Co-op is conducted, provides effective oversight of the activities carried out by Management and protects shareholders’ interests.
- 4.2 The Board’s focus is to ensure the overarching goals of the organisation are met and that benefit is given back to shareholders.

- 4.3 In effect, this occurs through delegation to the CEO and other Executives who are charged with the day-to-day leadership and management of the organisation. The Board is responsible for monitoring Management's performance with respect to these matters.
 - 4.4 The Board is accountable to its shareholders and has a duty to work to protect and enhance the value of the organisation in the interests of all shareholders. Significant issues, risks and major strategic decisions are monitored and considered at Board level to ensure that shareholder interests are protected.
 - 4.5 The Board is responsible for establishing and monitoring necessary controls to best equip the organisation to respond to change in a way that meets its legal requirements and the demands of its owners.
 - 4.6 The legitimate interests of all stakeholders are taken into account in the decision making of the Board.
 - 4.7 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.
 - 4.8 The Board has developed a number of policies to ensure the effective, fair and responsible governance and management of the organisation.
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5. Responsibilities of the Board

- 5.1 The Board is responsible for:
 - a. Employing the CEO, and monitoring performance of the Co-op against Board-established criteria;
 - b. Delegating responsibility for the day to day operation and management of the Co-op to the CEO in line with the Co-op's Delegated Authorities Framework;
 - c. Ensuring appropriate resources are available to enable Management to carry out their duties;
 - d. Establishing governance policies for the management of the Co-op, and ensuring that internal policies and procedures are designed to provide effective controls;
 - e. Approving and monitoring financial and other reporting;
 - f. Identifying and monitoring the management of corporate risk;
 - g. Approving in conjunction with the PHO Board the approach to be taken in relation to significant public relations issues that may negatively impact ProCare's reputation;

- h. Monitoring the organisation's compliance with all internal and external legal and compliance requirements including Health & Safety obligations;
- i. Appoint the Directors of the PHO in accordance with the ProCare Board Governance Policy.
- j. Establishing and maintaining an effective relationship with stakeholders and striving to understand, meet and appropriately balance the expectations of all shareholders and other stakeholders;
- k. Communicating with shareholders and acting as a public face for the company;
- l. Ensuring an appropriate mix of Directors with complementary skills, expertise and knowledge;
- m. Ensuring appropriate succession plans are in place for the CEO and Directors;
- n. Regularly assessing the Board's own performance.

6. Board Composition, Nomination and Retirement of Directors

Composition

- 6.1 The Board includes no more than:
 - a. Six elected Directors appointed by the shareholders of the Co-op;
 - b. Three appointed Directors appointed by the Elected Board Membership Committee ("Elected Directors");
 - c. One additional Director may be appointed from time to time by the Elected and Appointed Directors. This position is intended to assist with succession planning or with one-off projects; and
 - d. The number of appointed Directors must at all times be less than the number of elected Directors.
- 6.2 Any eligible Shareholder (natural person) of the Co-op in good standing may put themselves forward for election to the Board. Shareholders standing for election to the Board must be nominated and seconded at least six weeks before the Annual Meeting. The Company Secretary runs checks to ensure that those standing for election are eligible under the terms of the Companies Act.
- 6.3 Diversity is promoted by the Board, and taken into consideration in the appointment of Directors.

Term of Office

- 6.4 One third of elected Directors retire at each Annual Meeting, but are eligible to stand for re-election.
- 6.5 Each appointed Director serves a three-year term, but is eligible for reappointment.
- 6.6 While the Constitution does not define a maximum term, it is expected that Directors will not stand for re-appointment after nine years (three terms), unless the Board considers it is in the Co-ops best interest to re-appoint for another one to three year term.

Vacating Office

- 6.7 Elected and Appointed Directors may retire from the Board by giving notice in writing to the Chair or Company Secretary.
- 6.8 Appointed Directors are required to retire from the Board if requested to do so in writing by the Elected Directors Committee.

Process for the Recruitment and Appointment of New Directors

- 6.9 Refer to the ProCare Board Governance Policy for the process for recruitment and appointment of new Directors.

7. Roles within the Board

Role of Directors

- 7.1 In addition to their legal responsibilities (see the [Institute of Directors NZ](#) for further information on these) individual Directors have the following accountabilities:
 - a. Serving the legitimate collective interests of the members of the Co-op at all times;
 - b. Developing a future focus rather than looking to the present or past;
 - c. Providing leadership in exploring strategic issues;
 - d. Avoiding administrative detail;
 - e. Behaving proactively rather than reacting to events;
 - f. Bringing a diversity of opinions and views to bear on decisions;

- g. Acting with informed and independent judgement;
- h. Exercising high standards of honesty and ethical behaviour and acting in accordance with ProCare's Board Governance Policy;
- i. Refraining from making improper use of information gained through the position of Director and from taking improper advantage of the position of Director;
- j. Avoiding conflicts of interest or managing them appropriately including filing declarations of interest with the Company Secretary of ProCare;
- k. Ensuring there are positive conditions for the motivation of the CEO and there is adequate training to support him/her in the role;
- l. 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; and
- m. 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.

Role of Board Chair

- 7.2 The Directors may choose an elected or appointed Director as Chair and if required, a Deputy Chair. The CEO may not be the Chair of the Board. The Board Chair is responsible for the following:
- a. Providing leadership to the Board;
 - b. Acting as the public spokesperson for the Board;
 - c. Planning and presiding over Board meetings;
 - d. Presiding over meetings of shareholders including the Annual Meeting;
 - e. Directing Board meetings in such a manner as to ensure the full and fair participation of all Directors;
 - f. Partnering with the CEO to ensure Board resolutions are carried out;
 - g. Acting as the Board's primary channel of communication with the CEO and Senior Managers. However, all Directors are free to communicate directly with the CEO and, provided the CEO is informed, with other Senior Managers of the company;
 - h. Promoting an environment of trust, respect and openness to ensure consultative and constructive relationships between the Board and Management; and

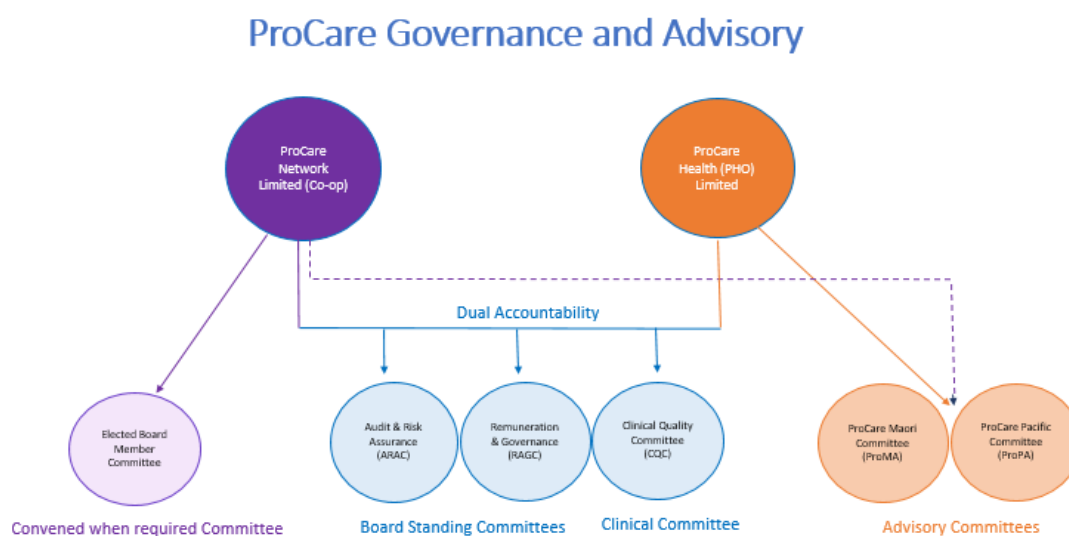
- i. Periodically consulting with Directors as to their performance.

Role of Company Secretary

- 7.4 The Company Secretary is responsible for the following:
- a. filing all statutory and regulatory returns required to be filed by the Co-op;
 - b. Taking minutes of Board meetings and committee meetings; and
 - c. Preparing papers required by the Directors for Board meetings.

Board Committees

- 7.5 The Board establishes committees to support it in its governance work. These committees do not make binding Board decisions, but make recommendations to the Board. ProCare Board Committees are shown below:



- 7.6 Current committees are: Remuneration and Governance, Audit and Risk Assurance, Clinical Quality, ProCare Maori Advisory, ProCare Pacific Advisory and Elected Board Members. Other committees may be formed at the discretion of the Boards. The Board Chair cannot be Chair of these governance committees.
- 7.7 Appointed Directors will be required to be a member of the Audit and Risk Assurance and Remuneration and Governance Committees.
- 7.8 The Elected Board Members Committee advises the Co-op Board only and consists of Co-op Board members who are elected by the Co-op's shareholders, this Committee is convened on a when required basis.

- 7.9 The Co-op Board and PHO Board may jointly co-opt outside Members to serve on committees if required to obtain specific skills, experience or networks.
 - 7.10 From time to time, the Board may convene other committees to support it in discharging its responsibilities.
 - 7.11 Committees have Charters that defines their role, life span, procedures, functions and authorities. Charters are reviewed every two years.
 - 7.12 The Board will review the effectiveness of its Board committees at least annually to ensure they are operating in a manner consistent with this Board Charter and continue to provide valuable advice to the Boards.
 - 7.13 Committees do not delegate tasks to the Co-op staff without the specific authorisation of the CEO.
 - 7.14 Board members are not able to hold a position on any management committees.
 - 7.15 Minutes of each committee meeting will be provided to the Co-op Board at the next Board meeting following the committee meeting.
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8. Board Procedures

- 8.1 The Board normally meets every month and Directors are expected to attend all meetings. In addition, the CEO and the Company Secretary attend Board meetings unless requested not to do so.
- 8.2 Regular Board meetings are set up at least six months in advance. Ad-hoc meetings may be called, but Directors must be given at least five working days' notice.
- 8.3 The Board develops a work plan covering the upcoming twelve 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.
- 8.4 The Chair determines the agenda for each Board meeting, in consultation with the CEO, though all Directors are free to suggest items for inclusion on the agenda.
- 8.5 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
- 8.6 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;

- a. 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 entered into the Organisation's electronic minute book (Diligent).
 - 8.7 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.
 - 8.8 The Board strives to reach unanimous decisions. Where that is not possible, a Board resolution is passed by majority.
 - 8.9 Where there is a conflict of interest, the Director must declare their interests and may be required to stand down from voting. The Board has the right to waive any conflicts; the Chair must articulate the decision of the Board at the meeting by:
 - a. Acknowledging the conflict;
 - b. Providing consent for the Director to participate; and
 - c. Ensuring the acknowledgment and consent is recorded in the minutes appropriately.
 - 8.10 A quorum for a meeting of the Directors shall be present when fifty percent of the Directors are present. No business may be transacted at a meeting if a quorum is not present. If the Chair is not present, the Board will appoint an Acting Chair for the meeting.
 - 8.11 An Annual Meeting of shareholders is held once a year. The agenda includes advising dividends, rebates and interest payments. The Annual meeting will also allow members to elect or re-elect directors, approve the Auditors, and setting fees for Auditors.
 - 8.12 A yearly Board resolution in the month of August, prior to the finalisation of the Co-op Board annual report, will determine if the Co-op will continue to operate as a co-operative. The passing of the resolution must be filed with the Companies Office within ten working days by Co-op Management.
 - 8.13 The Board may delegate tasks to Management and Committee members if appropriate.
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9. Board Remuneration

- 9.1 Directors' remuneration is paid in the form of Directors' fees, which are reviewed every two years.
- 9.2 Directors' expenses directly incurred as a result of carrying out their duties as a Director will also be reimbursed in accordance with the ProCare Board Governance Policy.

- 9.3 Directors who undertake work for the Co-op that falls outside the usual duties of a Director, or representing on someone's behalf, or carrying out additional work in governance capacity must be with the prior agreement of the Co-op Board.
 - 9.4 Directors may be entitled to receive compensation for the additional professional services provided. In agreeing for work to be undertaken, the Board Chair and the RACG Chair will consult with the CEO to determine the availability of funds for the work to be undertaken. If funds are available, the compensation payment will be approved by the Remuneration and Governance Chair.
 - 9.5 The fees paid to Directors are noted annually at the Annual Meeting.
 - 9.6 Any changes in Directors fees are duly advised at the Annual Meeting.
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10. Board Effectiveness

- 10.1 **Director Protection:** The Co-op carries insurance for its 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.
- 10.2 **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 Management Team, via the CEO, at any time to request relevant additional information or seek explanations. Directors are also entitled to, with the Chair's consent, seek independent professional advice at the Company's expense.
- 10.3 **Board Induction:** A newly Appointed or Elected Director is provided with an induction pack containing sufficient information to familiarise themselves with the Co-op's strategy, financial and legal status, general business, Board charters and policies and with the workings of the Board.
- 10.4 **Professional Development:** An annual budget is set for Director's professional development. All Directors are encouraged to undertake relevant professional development, and the Board upon recommendation of the Remuneration and Governance Chair, will approve these costs on a case-by-case basis.
- 10.5 **Board Evaluation:** The Board undertakes an annual structured assessment of its performance, and the performance of individual Directors, against criteria established by the Board.

Title: ProCare Network Limited (Co-op) Board Charter	Author: Tony Wai, CFO & GM of Corporate Services
Approved By: ProCare Network Limited (Co-op) Board	Date Approved: 2 July 2019
Date Last Approved: July 2017 Review Date: 30 June 2021 - The Board shall review and approve this Board Charter annually.	