

ProCare Board Charter

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Purpose of this Charter

The purpose of this charter is to provide a framework within which ProCare’s Board operates to provide good governance and effective oversight of the organisation for the benefit of its shareholders (the medical practitioners/GPs that are members of ProCare and deliver clinical services) and the wider community.

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

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

ProCare Governance

ProCare Health Ltd (ProCare or PHL) is a Limited Liability Company. The great majority of its shares are held by the independent ProCare Charitable Foundation, which has a focus on giving back to the community.

The ProCare 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.

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.

Role of the Board

ProCare's Board sets the strategic direction of ProCare, establishes the overall policy framework within which the business of ProCare is conducted, provides effective oversight of the activities carried out by management and protects shareholders' interests

The Board's focus is to ensure the overarching goals of the organisation are met and that benefit is given back to shareholders, and to the community through the ProCare Charitable Foundation.

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.

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.

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.

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.

The Board has developed a number of policies to ensure the effective, fair and responsible governance and management of the organisation. The policies cover:

- Health and safety
- Financial management
- Treasury
- Risk and audit
- Communications and media management
- Stakeholder relations
- Technology
- Human resources
- Clinical decision-making
- Conflict of Interest
- Membership of ProCare

Responsibilities of the Board

The Board is responsible for:

- Employing the CEO, and monitoring management and organisation performance of ProCare against Board-established criteria
- Delegating responsibility for the day to day operation and management of ProCare to the CEO and others who are charged with the day to day leadership and management in line with ProCare's Delegated Authorities framework
- Ensuring appropriate resources are available to enable management to carry out their duties
- Establishing governance policies that provide the framework for the management of ProCare, and ensuring that internal policies and procedures are designed to provide effective controls
- Approving and monitoring financial and other reporting
- Identifying and monitoring the management of corporate risk
- Approving the approach to be taken in relation to significant public relations issues that may negatively impact ProCare's reputation
- Monitoring the organisation's compliance with all internal and external legal and compliance requirements including Health & Safety obligations
- Appoint the Directors of ProCare Network Limited (PNL) to act in the Primary Health Organisation (PHO)
- Establishing and maintaining an effective relationship with stakeholders and striving to understand, meet and appropriately balance the expectations of all shareholders and other stakeholders
- Communicating with shareholders and acting as a public face for the company.
- Ensuring an appropriate mix of Directors with complementary skills, expertise and knowledge
- Ensuring appropriate succession plans are in place for the CEO and Directors
- Regularly assessing the Board's own performance

Board Composition, Nomination and Retirement of Directors

Composition

The Board includes no more than:

- Six elected Directors appointed by the shareholders.
- Three appointed Directors appointed by the elected Directors.
- 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.

- The number of appointed Directors must at all times be less than the number of elected Directors.
- Any eligible Shareholder 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.
- Diversity is promoted by the Board, and taken into consideration in the appointment of Directors.

Maximum terms

- One third of elected Directors retire at each Annual Meeting, but are eligible to stand for re-election.
- Each appointed Director serves a three-year term, but is eligible for reappointment.
- 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 ProCare's best interest for another one to three year term.

Vacating Office

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

Roles within the Board

Role of Directors

In addition to their legal responsibilities (see the [Institute of Directors NZ](#) for further information on these) individual Directors have the following accountabilities:

- Serving the legitimate collective interests of the members of ProCare at all times.
- Developing a future focus rather than looking to the present or past.
- Providing leadership in exploring strategic issues.
- Avoiding administrative detail.
- Behaving proactively rather than reacting to events.
- Bringing a diversity of opinions and view to bear on decisions.
- Acting with informed and independent judgement.
- Exercising high standards of honesty and ethical behaviour and acting in accordance with ProCare'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 Company Secretary.

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- Ensuring there are positive conditions for the motivation of the CEO and there is adequate training to support him/her in the role.
- 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.

Role of Board Chairman

The Directors may choose an elected or appointed Director as Chairman and if required, a Deputy Chairman. The Chief Executive may not be the Chairman of the Board.

The Board Chairman is responsible for the following:

- Providing leadership to the Board.
- Acting as the public spokesperson for the Board.
- Planning and presiding over Board meetings.
- Presiding over meetings of shareholders including the Annual Meeting.
- Directing Board meetings in such a manner as to ensure the full and fair participation of all Directors.
- Partnering with the CEO to ensure Board resolutions are carried out.
- Acting as the Board's primary channel of communication with the Chief Executive and Senior Management Team. However, all Directors are free to communicate directly with the Chief Executive and, provided the Chief Executive is informed, with other senior managers of the company.
- Promoting an environment of trust, respect and openness to ensure consultative and constructive relationships between the Board and management.
- Periodically consulting with Directors as to their performance.

The incumbent Chairman steps down as Chairman at the Annual Meeting and offers him/herself for reappointment. The Directors may choose whether to re-appoint the recent incumbent Chairman or appoint a new Chairman.

Role of Deputy Chairman

The Board may appoint a Deputy Chairman if required.

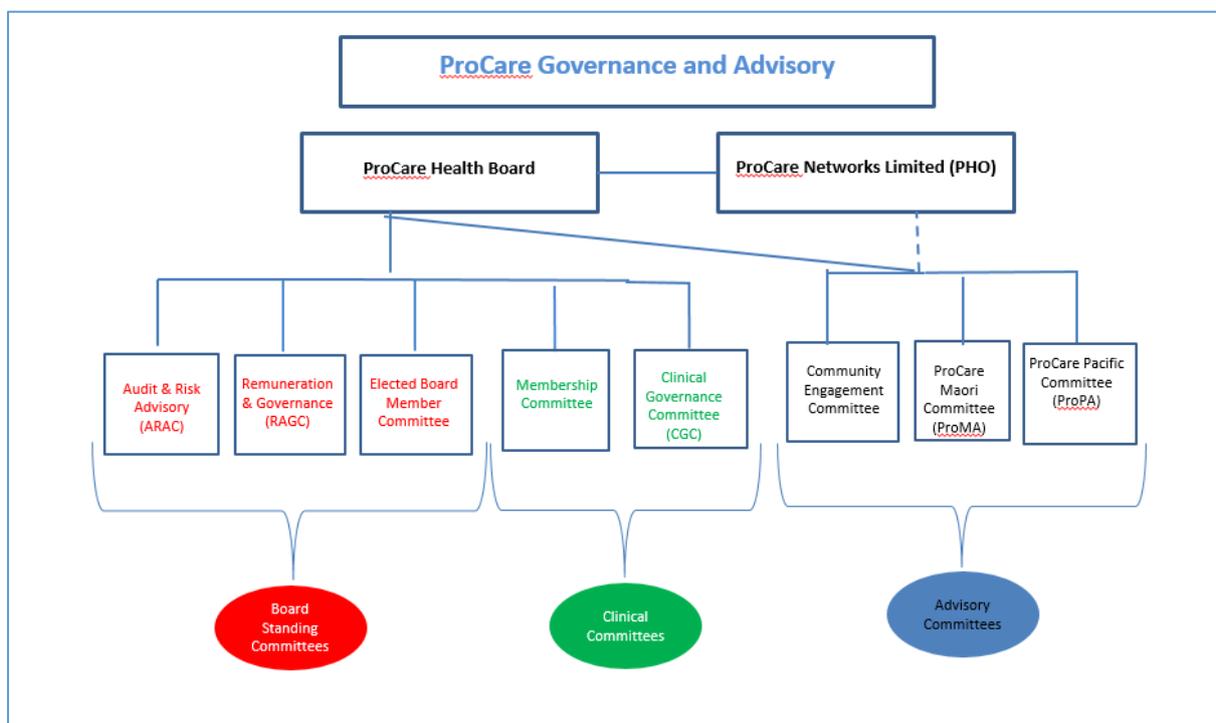
Role of Company Secretary

The Company Secretary is responsible for the following:

- Filing all statutory and regulatory returns required to be filed by ProCare Health.
- Taking minutes of Board meetings and committee meetings.
- Preparing papers required by the Directors for Board meetings.

Board Committees

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:



- Current governance committees are: Remuneration and Governance, Audit and Risk, and Clinical Governance. Other committees may be formed at the discretion of the Board. The Board Chairman cannot be Chairman of these governance committees.
- Committees have a Terms of Reference that defines their role, life span, procedures, functions and authorities. Terms of Reference are reviewed annually.
- The Board may co-opt outside Members to serve on committees if required to obtain specific skills, experience or networks.
- Committees do not delegate tasks to ProCare staff without the specific authorisation of the CEO.
- The work of committees does not mirror operational divisions, departments or staff functions, or conflict with the CEO's delegated responsibilities. Board members are therefore not able to hold a position on any management committees.

Board Procedures

- 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.
- 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 seven days' notice.
- 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 the CEO, 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.
- 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. These papers will be provided sufficiently in advance of the meeting to allow adequate reading time, and a minimum of three working days.
- 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.
- An Annual Meeting of shareholders is held once a year. The agenda includes setting dividends and interest payments, electing new Directors and setting fees for Directors.

Board Remuneration

- Directors' remuneration is paid in the form of Directors' fees, which are reviewed every two years.
- Directors' expenses directly incurred as a result of carrying out their duties as a Director will also be reimbursed.
- The fees paid to Directors are noted annually at the Annual Meeting.
- Any changes in Directors fees are duly advised at the Annual Meeting.

Board Effectiveness

- Director Protection: ProCare Health 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.
- 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 Chairman's consent, seek independent professional advice at the Company's expense.

- **Board Induction:** A newly appointed or elected Director is provided with an induction pack containing sufficient information to familiarise themselves with ProCare's strategy, financial and legal status, and general business, and with the workings of the Board.
- **Professional Development:** An annual budget is set for Director's professional development. All Directors are encouraged to undertake relevant professional development, and the Board will approve these costs on a case by case basis.
- **Board Evaluation:** The Board undertakes an 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 annually.

Reviewed and Approved: 15 July 2016

Next Review Date: July 2017