

ProCare Health (PHO) Limited Board Charter

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1. Purpose of this Charter

- 1.1 The purpose of this charter is to provide a framework within which the Board of ProCare Health (PHO) Limited (“PHO”) operates to ensure a high standard of governance and to clarify the role and responsibility of the PHO Board.
 - 1.2 The PHO Board Charter sets out the role, responsibilities, composition, procedures, authority and accountability of the PHO Board.
 - 1.3 The PHO’s Charitable Constitution is the overriding governance document for the PHO Board. In the event of any conflict between the Constitution and this Charter, the Constitution takes precedence.
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2. Glossary and Definitions

- 2.1 **Alliances:** the PHO is a participant in the:
 - a. Auckland Waitemata District Alliance (Alliance);
 - b. Auckland Waitemata Rural Alliance (Rural Alliance);
 - c. Counties Manukau Health Alliance;
 - d. Franklin Rural Service Alliance and,

e. Alliance Leadership teams that govern all of these Alliances.

- 2.1 **Board:** Unless otherwise stated, the Board in this charter refers to the Board of ProCare Health (PHO) Limited (“PHO”).
- 2.2 **Company:** Unless otherwise stated, Company in this charter refers to the PHO.
- 2.3 **Executive Officer:** The PHO Executive Officer is the General Manager – Practices Services of ProCare Health (PHO) Limited; also referred to as “the EO”.
- 2.4 **ProCare:** refers to the ProCare Network Limited (“Co-op”) and ProCare Health (PHO) Limited (“PHO”), also referred to as “the Organisation”; and includes any associated companies or subsidiary businesses.
- 2.5 **ProCare Network Limited:** also referred to as the “Co-op”, is the “Management Company” of ProCare Health (PHO) Limited. It is a co-operative and 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.
- 2.6 **Chief Executive Officer:** refers to the Chief Executive Officer of ProCare; also referred to as the “CEO”.
- 2.7 **PHO Senior Management Team:** refers to Senior Managers of the PHO who report directly to the CEO of ProCare, also referred to as “Management”.
- 2.8 **RAGC** refers to ProCare’s Remuneration and Governance Committee.

3. PHO Governance

- 3.1 The PHO operates exclusively for charitable purposes.
- 3.2 PHO is a Primary Health Organisation (PHO), which is funded by the three metro-Auckland District Health Boards (“DHBs”) to ensure the provision of essential primary healthcare services, mostly through general practices, to those people who are enrolled with the PHO.

4. Role of the Board

- 4.1 The PHO Board is responsible for ensuring that the PHO discharges its responsibilities under its PHO Services Agreement and achieves the agreed outcomes. The PHO currently holds a PHO Agreement with:
 - a. Auckland District Health Board;
 - b. Counties Manuka District Health Board;
 - c. Waitemata District Health Board.

- 4.2 The Services Agreement, between the PHO and the Co-op, ensures the Co-op provides the day-to-day management of the PHO. The PHO Board is responsible for monitoring the Co-op's performance with respect to these matters.
 - 4.3 The legitimate interests of all stakeholders are taken into account in the decision making of the Board.
 - 4.4 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.
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5. Responsibilities of the Board

- 5.1 The Board is responsible for ensuring that the PHO:
 - a. Fulfils its duties and provides the services detailed in the PHO Services Agreement;
 - b. Achieves and delivers the outcomes detailed in the PHO Services Agreement, including to:
 - i. Support its Enrolled Population and other Eligible Persons to stay well;
 - ii. Contribute to ensuring the clinical and financial sustainability of the health system;
 - iii. 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;
 - iv. Support all population groups to achieve optimum health outcomes and reduce disparities; and
 - v. Achieve outcomes determined by the Alliance.
 - c. Regularly assesses the Board's own performance.

Delegation of Management Services

- 5.2 The Board delegates the management of the Company through its Services Agreement with the Co-op, performance of which is measured on an annual basis, through the Agreement.
- 5.3 The Board will delegate to the CEO the appropriate levels of authority necessary to operate the Company, through the ProCare Delegations Policy.
- 5.4 The PHO Chair acts as the principal interface between the PHO Board and the CEO (and his/her delegates) and the Board.
- 5.5 Direct contact between the Board and members of the PHO Senior Management Team is encouraged, with the consent of the Chair, with the CEO (and his/her delegates, including the CEO for day to day operational matters) acting as a conduit for such engagement.
- 5.6 The Board will fulfil its responsibilities by:
 - a. Providing oversight to the Management Team of the PHO, as detailed in the Services Agreement;
 - b. Directing the operation of the PHO in a manner that furthers the interests of the Company and its

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

6. Board Composition, Nomination and Retirement of Directors

- 6.1 All Board members will be recommended by the PHO Board to the Co-op Board for appointment in accordance with the ProCare Board Governance Policy. Members of the Board will not be employees of ProCare.
- 6.2 The number of Directors shall be not less than six nor more than nine and should comprise persons having skills and expertise in health, business, community knowledge and consultation.
 - a. The composition of the Board should, whenever possible, include a minimum of:
 - i. A Chair recommended by the PHO Board and appointed by the Co-op Board;
 - ii. 1 community member who represents the interests of Maori;
 - iii. 1 community member who represents the interests of the Pasifika community;
 - iv. 1 practice nurse who is an employee of a Practice of the Co-op;
 - v. 1 person who has commercial and financial skills which will benefit the Board;
 - vi. 1 person from the Co-op Board and;

- vii. Up to 3 persons who each have either clinical, community, patient or commercial skills which will benefit the Board; and
 - b. Remaining positions on the PHO Board will be appointed by the Co-op Board upon recommendation of PHO Board and following identification of suitable candidates with the appropriate additional skills necessary for successful operation of the Board.
 - c. The number of Directors appointed under ii. and iii. should, whenever possible, be the same.
- 6.3 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 the PHO.

Term of Office

- 6.4 Directors will be appointed for a fixed term of three years, but will be eligible for reappointment by the Co-op Board upon recommendation of the PHO Board at the end of their term.
- 6.5 It is expected that Directors will not stand for re-appointment after nine years (three terms) unless the Co-op, upon recommendation of the PHO Board decides in its best interest of the PHO that the member serve another one to three year term.

Vacating Office

- 6.6 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.
- 6.7 A Director may be removed from the PHO Board by the Co-op Board upon recommendation from the PHO Board and in accordance with the ProCare Board Governance Policy.

Process for the Recruitment and Appointment of New Directors

- 6.8 Refer to the ProCare Board Governance Policy for the process for recruitment and appointment of new Directors.
- 6.9 A contestable process for recruitment is encouraged and recommendations are to be made through the PHO Chair to the Co-op Board via RAGC with accompanying information (e.g. fit with PHO Board skills matrix and Curriculum Vitae).

7. Roles within the Board

Role of Directors

- 7.1 Directors are expected to comply with their legal, statutory and equitable duties and obligations when discharging their responsibilities as Directors. Broadly, these include:
- a. Acting in good faith and in the best interests of the PHO as a whole;

- b. Exercising high standards of honesty and ethical behaviour and acting in accordance with ProCare's Board Governance Policy;
- c. Refraining from making improper use of information gained through the position of Director and from taking improper advantage of the position of Director;
- d. Avoiding conflicts of interest or managing them appropriately including filing declarations of interest with the Company Secretary of ProCare;
- e. Bringing a diversity of opinions and views to bear on decisions;
- f. Developing a future focus rather than looking to the present or past;
- g. Acting with informed and independent judgement;
- h. 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;
- i. 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;
- j. 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

- 7.2 The Chair of the PHO Board shall be appointed by the Co-op Board upon recommendation of the PHO Board.
- 7.3 Once appointed, the Chairman will hold office until their term ceases or sooner at the recommendation of PHO Board and request of the Co-op Board.
- 7.4 The Board Chairman is responsible for the following:
 - a. Providing leadership to the Board and PHO;
 - b. Acting as the public spokesperson for the Board;
 - c. Planning and presiding over Board meetings;
 - d. Directing Board meetings in such a manner as to ensure the full and fair participation of all Directors;
 - e. Promoting consultative and respectful relations between the PHO Board and Co-op Management;
 - f. Promoting an environment of trust, respect and openness to ensure consultative and constructive relationships between the PHO Board and PHO Management, and the Co-op Board;

- g. Monitoring Board performance.

Role of Company Secretary

7.6 The Company Secretary is responsible for the following and may delegate where appropriate:

- a. Filing all statutory and regulatory returns required to be filed by the PHO and undertaking all necessary tasks to ensure compliance with legal and regulatory requirements;
- b. Taking minutes of Board meetings and committee meetings;
- c. Preparing papers required by the Directors for Board meetings;
- d. Managing the induction of new Directors;
- e. Monitoring compliance with Board policy and procedures;
- f. Holding Company documentation; and
- g. Providing all information required by the Co-op to perform its management functions on behalf of the PHO.

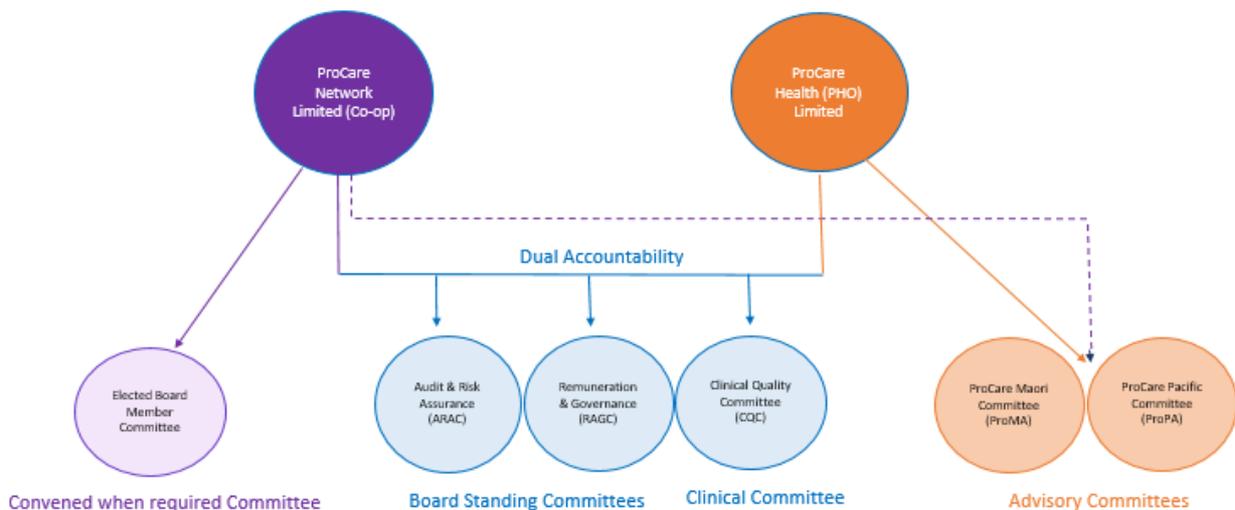
7.7 All Directors have access to the Company Secretary.

Board Committees

7.8 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 Boards' Committees are shown below:

7.9

ProCare Governance and Advisory



- 7.9 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.
 - 7.10 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.
 - 7.11 The PHO Board and the Co-op Board may jointly co-opt outside members to serve on committees if required to obtain specific skills, experience or networks.
 - 7.12 From time to time, the Board may convene committees to support it in discharging its responsibilities.
 - 7.13 Committees have Terms of Reference that define their role, life span, procedures, functions and authorities. Terms of Reference are reviewed every two years.
 - 7.14 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.
 - 7.15 Committees do not delegate tasks to ProCare staff without the specific authorisation of the CEO.
 - 7.16 Board members are not able to hold a position on any management committees.
 - 7.17 Minutes of each committee meeting will be provided to the PHO Board at the next Board meeting following the committee meeting.
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8. Board Procedures

- 8.1 The 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.
- 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 EO, 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 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 set by the Co-op Board and 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, including travel expenses as detailed in the ProCare Board Governance Policy.
 - 9.3 Directors who are appointed to standing committees of the ProCare are entitled to receive a fee for their attendance in accordance with the ProCare Board Governance Policy.
 - 9.4 Directors who undertake work for the PHO 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 PHO Board. 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 RAGC Chair will consult with the CEO to determine the availability of funds for the work to be undertaken and the compensation payment will be approved by the RAGC Chair.
 - 9.5 The fees paid to Directors are noted annually in the ProCare Annual Report.
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10. Board Effectiveness

- 10.1 **Director Protection:** The PHO carries indemnity insurance for the Board's 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 PHO Management Team, via the CEO at any time to request relevant additional information or seek explanations.
- 10.3 Directors are also entitled to, with the Chairman’s consent (after having first consulted with the 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.
- 10.4 However, in the event a Director takes legal action against the PHO or any other entity in which the Co-op has an interest, or intends to do so, that person’s rights of access will be limited to those provided by law.
- 10.5 **Board Induction:** A newly Appointed or Elected Director is provided with an induction pack containing sufficient information to familiarise themselves with the PHO’s strategy, financial and legal status, general business, Board charters and policies and with the workings of the Board.
- 10.6 **Professional Development:** An annual budget is set for Director’s professional development. All Directors are encouraged to undertake relevant professional development, and the Co-op Board upon recommendation of the RAGC Chair, will approve these costs on a case-by-case basis.
- 10.7 **Board Evaluation:** The Board undertakes an annual structured assessment of its performance, and the performance of individual Directors, against criteria established by the Board.

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| Title: ProCare Health (PHO)Limited Board Charter | Author: Tony Wai, CFO & GM of Corporate Services |
| Approved Respectively By: ProCare Network Limited (Co-op) Board ProCare Health (PHO) Limited Board | Date Approved: 2 July 2019 2 August 2019 |
| Commencement Date: 1 July 2019 Date Previously Approved: 2 July 2017 Next Review Date: 30 June 2021 - The Boards shall respectively review and approve this Board Charter annually. | |