

HEALTHPARTNERS* BOARD OF DIRECTORS BOARD CHARTER

Purpose

The HealthPartners Board of Directors (“Board”) is responsible for ensuring that the organization carries out its mission and pursues its vision in the best interest of our patients, members and the community. The activities of the organization are managed under the Board’s direction. The Board delegates to the Chief Executive Officer, and through him or her, to other senior management, the authority and responsibility for managing the everyday affairs of the organization. Even though the Board has delegated this authority, the Board is accountable to provide guidance and oversight of the management of the organization.

Structure and Operation of the Board

The same people who are elected or appointed to the Board of HealthPartners, Inc. also serve as the members of the boards of directors of Park Nicollet Health Services, Park Nicollet Methodist Hospital, Park Nicollet Clinic, TRIA Orthopaedic Center LLC, Park Nicollet Institute, Park Nicollet Health Care Products, PNMC Holdings and Park Nicollet Enterprises. The persons elected or appointed to the board of directors of Group Health Plan, Inc. also are members of the HealthPartners Board. Meetings of all these boards occur at the same time. This charter applies to all of these entities.

Core Duties of the Board

The Board and its individual members have three fiduciary duties: the duty of care, the duty of loyalty and the duty of obedience. These duties guide and define the work of the Board.

- **Duty of Care:** This duty requires Board members to act in good faith, with the care an ordinarily prudent person in a similar circumstance would use and in a manner he or she believes to be in the best interest of the organization. This means that Board members should prepare for meetings, attend meetings, ask

questions and understand the benefits, costs, and risks of any proposed actions and monitor the activities of the organization.

- **Duty of Loyalty:** This duty requires Board members to discharge their duties in a manner designed to benefit the organization and not the Board member personally. To carry out this duty, Board members must abide by the Conflict of Interest Policy which requires an annual written conflict of interest disclosure and ad hoc updates throughout the year. The relationships that can give rise to a potential conflict of interest are described in the Policy. The duty of loyalty also requires Board members to keep confidential information confidential and to not use that information for any purpose other than for the benefit of the organization.
- **Duty of Obedience:** This duty requires Board members to pursue the mission and vision of the organization, follow its organizational documents, Conflict of Interest Policy, Code of Conduct, and other applicable policies.

The Board's Role

The Board's role includes the following:

- Guiding and approving the mission and vision of the organization
- The selection, compensation and evaluation of a well-qualified and ethical Chief Executive Officer
- Acting as an advisor and counselor to the Chief Executive Officer and other senior management on significant issues facing the organization including supporting and challenging management to simultaneously improve the health of the populations we serve, the experience of every patient and member, and, the affordability of care and coverage.
- Planning for Chief Executive Officer and senior management succession and, where appropriate, replacing the Chief Executive Officer

- Developing, implementing and monitoring an executive compensation process that is competitive, fair, unbiased and that supports the goals of the organization
- Guiding, approving and monitoring the organization's strategic plans
- Guiding, approving and monitoring annual operating and capital plans and budgets
- Supporting the integrity of the organization's financial statements and reports by engaging independent outside auditors
- Guiding, reviewing and approving actions that affect the strategic direction or fundamental character of the organization
- Guiding, reviewing and approving actions that affect the quality and safety of the services provided to patients and members
- Overseeing and monitoring ethical and legal compliance and assessing enterprise risk
- Overseeing and monitoring the effectiveness of management policies, actions and decisions including the execution of its strategies and performance against plan
- Supporting and guiding the organization's efforts to strengthen relationships with members, patients and the community
- Advocating for the organization in matters of public policy and health policy that may impact the organization's ability to achieve its mission and vision
- Establishing committees from time to time as may be necessary to fulfill the responsibility of the Board
- Nominating directors and ensuring that an effective Board is in place
- Improving and strengthening the Board itself through self-evaluation and Board education

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