



Overview

1. MAS is committed to best practice principles of good corporate governance and compliance with applicable laws. This charter explains how the powers and responsibilities of the boards of all MAS Group entities (including the trustees of the MAS Members' Trust, KiwiSaver Plan and Retirement Savings Plan respectively) will be exercised.
2. In this Charter:
 - a. "MAS" and "the Board" refers to all of those boards severally.
 - b. "Directors" refers to relevant members of the governing board, and so includes trustees.

Role of the board

3. The Board is ultimately responsible for setting the strategic direction of MAS, oversight of its management, and direction of its business strategy. The Board aims to have highly satisfied Members. The Board is accountable to Members for the MAS' performance.

Responsibilities of the Board

4. In carrying out its principal functions, the Board's specific responsibilities include:
 - a. Ensuring that the MAS' goals are clearly established, and that strategies and plans are in place for achieving those goals.
 - b. Deciding on the steps necessary to protect MAS' financial position, its ability to meet debts and other obligations when they fall due, and ensuring that such steps are taken.
 - c. Ensuring that financial statements and other financial reporting, including reporting to Members, is true, fair, and conforms with law.
 - d. Establishing policies for strengthening MAS' performance, including ensuring that management is pro-actively seeking to build the business through innovation and initiative.
 - e. Monitoring the performance of management.
 - f. Appointing the Chief Executive Officer ("CEO"), setting the terms of the CEO's employment contract, reviewing the performance of the CEO and, where necessary, terminating the CEO's employment.
 - g. Ensuring compliance with relevant laws and internal policies, processes, and controls.
 - h. Ensuring MAS' adherence to high standards of conduct and culture.
 - i. Maintaining personal professional development in governance.
 - j. Approving and monitoring the health and safety of all MAS employees, contractors and agents and compliance with Health & Safety legislation.
 - k. Establishing procedures and systems to provide a culture and remuneration practice which facilitates the recruitment, professional development and retention of staff.
 - l. Ensuring that there are appropriate risk management and regulatory compliance policies in place, and monitoring the integrity of those policies.
5. In the normal course of events, day-to-day management of the Company will be the responsibility of management through a delegation of the Board's authority to the CEO.

Board procedures

6. Directors' conduct will be consistent with their duties and responsibilities to MAS, and indirectly to Members. The Board will be disciplined in carrying out its role, with emphasis on strategic issues and policy.
7. Directors will use their best endeavours to attend Board meetings and to prepare thoroughly. Directors are expected to participate fully, frankly and constructively in Board discussions and other activities, and to bring the benefit of their knowledge, skills and abilities to the Board table. Directors unable to attend a meeting will advise the Chair at the earliest date possible.
8. Board discussions will be open and constructive, recognising that differences of opinion can in such circumstances, bring greater clarity and lead to better decisions. Formal Minutes will be taken of each Board meeting and the meetings of each Board Committee. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law.
9. The Board has sole authority over its agenda and exercises this through the Chair. Any director may, through the Chair, require the addition of an item to the agenda. The agenda will be set by the Chair in consultation with the CEO.
10. The Board will normally hold ten meetings in each year. At each meeting, the Board will consider:
 - a. A report from the CEO which will vary in content, but will include information on any matters of which directors should be apprised.
 - b. A report from the Chief Financial Officer ("CFO") focusing on financial matters, particularly liquidity and solvency (report provided every second meeting).
 - c. Reports on the activities of MAS Group subsidiaries.
 - d. Specific proposals for significant amounts of capital expenditure.
 - e. Major issues and opportunities for MAS.
11. The Board will at least annually:
 - a. Review and approve MAS' goals.
 - b. Review operational plans for achieving MAS' goals.
 - c. Review management of risk.
 - d. Approve the annual budget.
 - e. Approve the annual financial statements.
 - f. Approve the Annual Report.
 - g. Consider and, if appropriate, declare or recommend the payment of dividends, by any of the MAS Group subsidiaries to the MAS Parent.
 - h. Review the Board composition, structure and succession.
 - i. Undertake Board and individual director evaluations.
 - j. Review directors' fees.
 - k. Review the CEO's performance.
12. Directors are entitled to have access, at all reasonable times, to all relevant MAS information and to management.
13. Directors are expected to strictly observe common sense protocols relative to the use and confidentiality of MAS information.

Chair and Deputy Chair

14. The Board will appoint a Chair and Deputy Chair from amongst its number, on an annual basis.
15. The Chair is responsible for:
 - a. Ensuring the integrity and effectiveness of the governance process of the Board.
 - b. Maintaining regular dialogue with the CEO over all operational matters and will consult with the remainder of the Board promptly over any matter that gives cause for significant concern.

- c. Acting as facilitator at meetings of the Board to ensure that no board member or attendee dominates discussion, that appropriate discussion takes place, and that relevant opinion among board members is forthcoming.
 - d. Ensuring that Board discussions result in logical and understandable outcomes.
16. The Deputy Chair is responsible for:
- a. Acting as Chair in the Chair's absence.
 - b. Acting as a sounding board for the Chair.
 - c. Assuming the responsibility for any other tasks that may be delegated.

Board committees

17. Three committees have been established to help the Board execute its responsibilities. The committees are:
- Audit and Risk Committee
 - Investment Committee, and
 - Senior Remuneration Committee.
18. Additional Committees may be established by the Board to execute its responsibilities from time to time. For example, the Board may establish a Committee to assist with appointing directors and trustees to MAS Group boards.
19. The Committees are specialist committees that may comprise directors, employees or third persons, with delegated authority from the Board. (The Committees are not sub-committees of the Board. Board committees will only speak or act for the board and MAS when so authorised by the Board).
20. Audit and Risk and Investment Committee meetings will be held for each MAS Group entity, although practically, meetings may be held conjointly.
21. Management attendance at Committee meetings is by invitation of the Committee only. Generally, MAS' CEO will be required to attend meetings. Other MAS staff can be invited to attend Committee meetings as the Committee considers appropriate.
22. All Committees are governed by a charter. The Audit and Risk Committee and Investment Committee roles and responsibilities are described in the relevant Committee charters.
23. The Senior Remuneration Committee's role is to meet annually to consider the remuneration of the executive team, including the CEO. This Committee may also be co-opted to consider senior appointments under the Trustee Appointment and Re-appointment Policy.
24. The Board is responsible for appointing Committee members. Committee members are appointed according to the skills, experience and other qualities they bring to the Committees. Committee meeting minutes are available to all directors by way of inclusion in the Board paper set for the following Board meeting.

Board Composition and Mix

25. The directors of Medical Assurance Society New Zealand Limited ("MAS' Parent") are appointed automatically as a result of holding office as a trustee of the Medical Assurance Society Members' Trust.
26. Directors of MAS Group subsidiaries, and of trustees of MAS' KiwiSaver and Retirement Savings Plans are appointed as required, under the relevant company constitutions or trust deeds of the Plans, and in accordance with the MAS Trustee Appointment and Re-Appointment Policy. Such directors and trustees are generally appointed from the group of directors on the board of the MAS Members' Trust and MAS Parent.
27. The composition of MAS Boards will reflect the duties and responsibilities it is to discharge and perform in setting the Company's strategy and seeing that it is implemented.

Tenure

28. The Board must ensure its renewal and continued revitalization by new membership. This must be balanced against the importance of experience and institutional knowledge on the Board.

29. The Board must consider the renewal of its membership every year, including by conducting an appraisal of individual directors and trustees.
30. The Board's appraisal of an individual director will be based on:
 - a. The overall tenure profile of the Board and the need to strike the right balance between refreshment, skills, and experience.
 - b. An individual director's contribution as assessed through Board reviews.
 - c. The overall profile of the Board in terms of technical skills, judgment, industry knowledge etc.
31. The maximum tenure of an individual Trustee and director of a MAS Group entity will be 12 years. Trustees may agree to extend an individual's tenure in exceptional circumstances, such as where:
 - a. the individual's retirement would not be in the best interests of MAS, or
 - b. a suitable candidate has not been identified to fill the vacancy that would be left if that individual was to retire, or
 - c. to allow for a reasonable transition period (particularly in the case of a retiring and incoming chairperson).

If the Trustees agree to extend an individual's tenure, that extension will be communicated to MAS Members at the next Annual Meeting, with reasons.

Induction of New Directors

32. New directors' inductions will be assisted by due diligence material prepared by management. The balance of an induction programme will be tailored dependant upon the new director's previous knowledge and understanding of MAS.
33. Directors are expected to keep themselves abreast of changes and trends in the business and in MAS's environment and markets, and to keep abreast of changes and trends in the economic, political, social and legal climate generally.

Directors' Remuneration

34. The Board will determine the level of remuneration to be paid to directors within the total amount approved by Members.
35. Whilst not strictly formula driven, the Chair will receive a 'premium' over and above the base director's fee. It is likely that it will be approximately double the base amount. The Deputy Chair will receive a level of fee somewhere between the two.
36. The number of Board Committee appointments will also influence the amount paid to individual directors.
37. The Board will set aside amounts for funding professional development of directors.

Provision of Business or Professional Services by Directors

38. MAS can:
 - a. For the purpose of a special assignment, engage the services of any director having special expertise in a particular field.
 - b. Engage the services of another member of a director's organisation.
39. For any such engagement, the terms of engagement must be competitive, established on an arm's length basis, clearly recorded, and all legal requirements for disclosure of the engagement must be properly observed.

Other Board Appointments

40. Any director is, while holding office, at liberty to accept other Board appointments so long as the appointment is not in conflict with the business and is not likely to detrimentally affect the director's performance as a director. Such appointments and all other appointments potentially having a significant impact on the director's performance must first be discussed

with the Chair before being accepted.

Independent Professional Advice

41. Any director is entitled to obtain independent professional advice relating to the affairs of the Company or to his/her other responsibilities as a director.
42. If a director considers such advice is necessary or desirable, the director shall first discuss it with the Chair.
43. Subject to the prior approval of the Chair, the cost of the advice will be reimbursed by MAS, but the director will ensure, so far as is practicable, that the cost is reasonable.

Board and Director Evaluations

44. The Board will, each year, critically evaluate its own performance, and its own processes and procedures, to ensure that they are not unduly complex and are designed to assist the Board in effectively fulfilling its role.
45. Each year, the performance of directors will be evaluated, either individually or collectively.

Indemnities and Insurance

46. MAS will provide directors with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as directors, to the fullest extent permitted by the Companies Act 1993.

Board Management Relationship

Position of CEO

47. All Board authority conferred on management is delegated through the CEO so that the authority and accountability of management is considered to be the authority and accountability of the CEO so far as the Board is concerned.
48. The Board will agree with the CEO specific goals and procedures, with a view to achieving specific results directed towards MAS' goals.
49. Between Board meetings the Chair will maintain an informal link between the Board and the CEO, and will be kept informed by the CEO on all important matters. The Chair will be available to the CEO to provide counsel and advice where appropriate.

Accountability of CEO to the Board

50. The CEO is accountable to the Board for achieving MAS' goals. The CEO is accountable for the observance of the Management Limitations (see below).
51. At each of its normal meetings, the Board should expect to receive from or through the CEO:
 - a. The operational and other reports and proposals as referred to in the Board Procedures section of this document.
 - b. Such assurances as the Board considers necessary to confirm that the Management Limitations (see below) are being observed.

Management Limitations

52. The CEO is expected to:
 - a. Act within all specific authorities delegated to the CEO by the Board.
 - b. Allow only practices, activities or decisions that conform to commonly accepted good business practice.
 - c. Adhere to MAS' goals in allocating the capital and resources of MAS.
 - d. Allow actions only after taking into account the health, safety, environmental and political consequences and their impact on Member service and satisfaction.

- e. Not to cause or permit any action that is likely to result in a significant loss of reputation financially.
- f. Protect employees and other parties working for MAS from being subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.

Independence

- 53. All directors are expected to be able to meet an independence test. A director is considered to be independent for the purpose of service on the Board if the director satisfies the standards set out below.
- 54. The fundamental premise of the standards is that, to qualify as being “independent”, a director must, in the opinion of the Board, be independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with the exercise of his/her independent judgement.
- 55. In judging whether a director is independent, the Board will have regard to whether or not:
 - a. The director is or has within the last three years been employed in an executive capacity by MAS.
 - b. The director meets relevant legal and regulatory requirements of independence.
 - c. The director has been within the last three years a material supplier or customer of MAS or is an employee or otherwise associated with a material supplier or customer.
 - d. The director has a material contractual or other material relationship with MAS other than as a director.
 - e. The director has served on the Board for a period that, in the Board’s opinion, could, or could reasonably be perceived to materially interfere with the director’s ability to act in the best interests of MAS.
 - f. The director, or any associated person of the director, has derived or is likely to derive in the current financial year 10% or more of that person’s annual revenue from or by virtue of a relationship (other than as a director of MAS) the director or associated person of the director has with MAS.
- 56. Directors are required to disclose family ties or cross-directorships that may be relevant in considering continuing independence.

Directors are expected to volunteer information as and when changes occur.

Ownership and Review

- Approver: All relevant MAS entities
- Reviewer: All relevant MAS entities
- Review: Annually (last reviewed October 2018)