

BOARD CHARTER

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 will be exercised.
2. In this Charter:
 - a. "MAS" and "the Board" refers to the following entities and boards of those entities severally:
 - i. Medical Assurance Society Members' Trust
 - ii. Medical Assurance Society New Zealand Limited
 - iii. Medical Insurance Society Limited
 - iv. Medical Life Assurance Society Limited
 - v. Medical Securities Limited
 - vi. Medical Funds Management Limited
 - b. "Directors" refers to relevant members of the governing board, and so includes trustees.

Role of the board

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

Responsibilities of the Board

4. The Board's responsibilities include:
 - a. Ensuring that 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. The Board may delegate any functions to any person or people, as it sees fit.
6. In the normal course of events, day-to-day management of MAS will be the responsibility of management through a delegation of the Board's authority to the CEO.

Board procedures

7. 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.
8. 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.
9. 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.
10. 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.
11. The Board will normally hold six 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 Finance & Risk Officer ("CFRO") focusing on financial matters, including liquidity and solvency.
 - c. Reports on the activities of MAS Group subsidiaries.
 - d. Specific proposals for significant amounts of expenditure.
 - e. Major issues and opportunities for MAS.
12. 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, and by the MAS Parent to the MAS Foundation.
 - 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.
13. Directors are entitled to have access, at all reasonable times, to all relevant MAS information and to management.
14. Directors are expected to strictly observe common sense protocols relating to the use and confidentiality of MAS information.

Chair and Deputy Chair

15. The Board will elect a Chair from amongst its number on an annual basis at the first Board meeting following the AGM. The Nominations Committee, through its Chair, will first consult with the incumbent Board Chair, and then with the other directors, before making a recommendation to Board. The elected Chair will then appoint a Deputy Chair on their own recommendation.
16. 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.
17. 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

18. Five committees have been established to help the Board execute its responsibilities. The committees are:
 - Audit and Risk Committee
 - Information and Digital Technology
 - Investment Committee
 - Nominations Committee, and
 - People and Remuneration Committee.
19. Additional Committees may be established by the Board to execute its responsibilities from time to time.
20. 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.
21. Audit and Risk and Investment Committee meetings will be held for each MAS Group entity, although practically, meetings may be held conjointly.
22. 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.
23. All Committees are governed by a charter. Each Committee charter will be made available on MAS' website.
24. The Board is responsible for appointing Committee members and Committee chairs. The framework for the Board to consider appointments to Committees is:
 - a. MAS Board considers, on the recommendation of MAS Board Chair, Committee composition and appointment of Committee chairs at its first meeting after the AGM each year, when Practitioner and Commercial Trustee positions have been confirmed by Members.
 - b. Committee members are appointed according to the skills, experience and other qualities they bring to the Committees.
 - c. Committee members are appointed for terms of three years, except for Committee members with special technical skills and experience, who can be appointed for longer terms as the Board sees fit.
 - d. Board ensures that Committee members appointments are appropriately staggered, to avoid situations where multiple Committee members leave in one year.
 - e. Committees have an appropriate balance of Commercial Trustees and Practitioner Trustees.
 - f. Each Committee must have a minimum of three members.

25. 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

26. Trustees of Medical Assurance Society Members' Trust are appointed automatically as directors of Medical Assurance Society New Zealand Limited ("MAS' Parent").
27. Directors are appointed 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.
28. The composition of MAS Boards will reflect the duties and responsibilities it is to discharge and perform in setting MAS' strategy and seeing that it is implemented.

Tenure

29. 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.
30. The maximum tenure of an individual Trustee and director of a MAS Group entity will be 12 years. Calculation of an individual's maximum tenure must include all time served by that individual on all MAS Group entity boards. 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 chair).

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

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

Directors' Remuneration

33. The Board will determine the level of remuneration to be paid to individual directors within the constraints approved by Members at the Annual Meeting of Members.
34. 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.
35. The number of Board Committee appointments will also influence the amount paid to individual directors.
36. The Board will set aside amounts for funding professional development of directors.

Provision of Business or Professional Services by Directors

37. 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.
38. 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 Appointments

39. Any director is, while holding office, at liberty to accept other appointments so long as the appointment is not in conflict with MAS' business and is not likely to detrimentally affect the director's performance as a director of MAS. 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

40. Any director is entitled to obtain independent professional advice relating to MAS' affairs or to their other responsibilities as a director.
41. If a director considers such advice is necessary or desirable, the director shall first discuss it with the Chair.
42. 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

43. 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.
44. The Board must consider the renewal of its membership every year, including by conducting an appraisal of individual directors and trustees.
 - a. The performance of all individual directors standing for appointment or re-appointment under the Appointments Policy will be evaluated.
 - b. Performance reviews will be carried out on a comprehensive basis for all board members every four years by an independent external party.
45. 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.

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 law.

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. 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 their independent judgement.
54. 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.

55. Directors are required to disclose family ties, cross-directorships, and other material relationships that may be relevant in considering continuing independence.
56. 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: Biennially (last reviewed September 2022)

APPENDIX: MAS HEALTH AND SAFETY BOARD CHARTER

Our vision

MAS is committed to taking all practicable steps to provide and maintain a healthy and safe working environment by:

- encouraging staff to be fully involved in the effective management of health and safety,
- adopting policies and practices which, as far as possible, promote the wellbeing of MAS people, and other workers engaged by MAS, and
- keeping adverse health, safety or environmental impacts to a minimum.

Our health and safety policies and practices are designed to:

1. Provide safe work places and work systems, and encourage employees to work in ways that do not present risks to themselves, others or the environment.
2. Enable MAS to proactively identify and monitor hazards and unsafe behaviours, and reduce risks to the lowest reasonably practicable level.
3. Enable all employees and their representatives to participate.
4. Provide all employees and contractors with training and information to work safely.
5. Provide all appropriate equipment and resources to work in a safe manner.
6. Ensure all accidents and other safety incidents are investigated and reported promptly to Managers and/or Human Resources.
7. Support the rehabilitation and return to work of employees who suffer injury or illness.
8. Provide regular reviews and report on MAS's health and safety performance, and learn from our incidents.
9. Actively promote participation with employees and contractors in achieving MAS's health and safety goals and to ensure they have the training, skills, knowledge and resources to maintain a healthy and safe workplace.
10. Comply with all relevant legislation, regulations, codes of practice and industry standards.
11. Ensure equity, diversity, and inclusivity

Responsibilities

The MAS Board is responsible for the effectiveness of this policy, and for monitoring its implementation, maintenance and continual improvement.

The CEO is responsible for implementing the Board's policies. The CEO reports to the Board on a regular basis on identified risks and actions taken to mitigate risks.

Management is accountable for ensuring that they are proactively monitoring and managing risks for their areas of responsibility. Managers must ensure that they undertake training so that they are competent to carry out their health and safety responsibilities, and set appropriate personal examples of the high standards of health and safety behaviour which MAS requires.