

Southern Cross Medical Care Society

Statement of corporate governance

The Southern Cross Medical Care Society adheres to principles designed to ensure sound corporate governance of its affairs, including Reserve Bank of New Zealand Governance Guidelines for licensed insurers issued under the Insurance (Prudential Supervision) Act 2010.

Board of Directors

The Southern Cross Medical Care Society is governed by a Board of Directors who are elected by members of the Society. The administration, management and control of the Society is vested in the Board.

All current directors have been assessed by the Board in accordance with the Society's Fit and Proper Policy and have been certified as meeting the Reserve Bank of New Zealand's Fit and Proper Standard for directors of licensed insurers.

All current directors are considered to be independent, in that they are independent of management and free from any associations that could materially interfere with the exercise of independent judgement. Current Society Directors can be found on the Southern Cross website.

Trustees

The Rules of The Southern Cross Medical Care Society provide for the appointment of three Trustees. All property belonging to the Society vests in the Trustees who hold it in trust for the members. The Trustees are responsible for formulating overall investment policy (subject to approval by the Board), establishing investment guidelines, and monitoring the management of the investment portfolios. Trustees are nominated from among the Directors and elected by members of the Society.

The Trustees in office as at 1 June 2019 are: Greg Gent, Liz Hickey and Roger France.

Board role and charter

The Board operates in accordance with the Friendly Societies and Credit Unions Act 1982, the Society's Rules and the Board Charter. The Board Charter describes the Board's role, procedures and relationship with management.

The role of the Board is to effectively represent, and promote the interests of, members. Means by which this is achieved include:

- Ensuring the Society's purposes are clearly understood, and that strategies, business plans and budgets are in place for achieving them
- Establishing policies for strengthening the performance of the Society
- Monitoring the performance of management
- Appointing the CEO
- Deciding on whatever steps are necessary to protect the Society's financial position
- Ensuring the Society's financial statements are true and fair and otherwise conform with law
- Ensuring that the Society adopts and adheres to all Southern Cross Healthcare Group policies and strategies as they relate to the Society
- Ensuring the Board and management adhere to high standards of ethics and corporate behaviour
- Establishing the Society's capital adequacy targets, and approving and monitoring the Capital Management Plan, and
- Establishing the Society's overall risk appetite and ensuring that the Society has appropriate risk management policies and procedures in place.
- The Board will regularly evaluate economic, political, social, technological and legal issues and any other relevant external matters that may influence or affect the development of the business

or the interests of members and/or stakeholders. If thought appropriate, the Board will take outside expert advice on these matters.

The Board Charter sets out further information about the Board's procedures and practices.

Delegation framework

Responsibility for the day-to-day operation and administration of the Society is delegated by the Board to the Chief Executive Officer and senior management. The Board and CEO will agree the strategies, business plans and budgets directed at achieving the Society's purposes. The CEO is authorised to make decisions in accordance with those strategies, business plans and budgets within the delegation framework approved by the Board.

Committees

The Board has four standing committees. Each committee has a charter approved by the Board summarising the role, rights, responsibilities and membership requirements for that committee.

Audit and Risk Committee

The Audit and Risk Committee's objectives are to assist the Board in discharging its responsibilities to exercise due care, diligence and skill in relation to oversight of financial functions, internal and external audit functions, and risk management.

Nomination Committee

The Nomination Committee's objectives are to make recommendations regarding: The Board's structure, size, composition, Director remuneration and succession; candidates to fill Board vacancies; fit and proper assessments and non-compliance.

The Remuneration, People & Culture Committee

The Remuneration, People & Culture Committee's objectives are to maintain oversight of the People and Culture Strategy including performance, development, succession and talent management, strategic workforce plan, remuneration strategy, and relevant operational policies.

Investment Committee

The Investment Committee acts in an advisory capacity to the Board and Trustees to assist them in fulfilling their respective responsibilities for the investment of the funds of the Society.

External audit independence

The Board is committed to auditor independence, as set out in its External Auditor Independence Policy. The Audit and Risk Committee is responsible for making recommendations to the Board concerning the appointment of external auditors and their terms of engagement.

Loans to Directors

The Society does not make loans to Directors.