



Tower Limited

# Charter of the Board of Directors

March 2024



## Document Information

<b>Policy name</b>	Tower Limited Charter of the Board of Directors
<b>Policy type</b>	Board Policy
<b>Policy preparer</b>	Corporate Governance Counsel
<b>Policy owner</b>	Board Chair
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## Document History

Version	Date	Changes	Reason for change	Author	Date approved
1.0	August 2013	New – to reflect that under IPSA TIL needed a separate Delegation of Authority	IPSA	Jacqui Anderson	August 2013
2.0	November 2014	Update to reflect new operating structure	Review	Robyn Cory-Wright	November 2014
3.0	April 2018	<ul style="list-style-type: none"> <li>Amend version, preparer and owner.</li> <li>General grammar and formatting.</li> <li>Streamline policy to remove unnecessary references and duplication.</li> <li>Update for compliance with new NZX Corporate</li> </ul>	Review	Lara Teesdale	April 2018



		<p>Governance Code</p> <ul style="list-style-type: none"> <li>• Alignment with Delegations of Authority and Audit and Risk Committee Terms of Reference</li> <li>• Consistency with other Tower policies</li> </ul>			
4.0	February 2020	<ul style="list-style-type: none"> <li>• Amend version, preparer and owner</li> <li>• Record separation of Audit and Risk Committee</li> </ul>	Review	Hannah Snelling	February 2020
5.0	September 2020	<ul style="list-style-type: none"> <li>• Changes to reflect the amalgamation</li> <li>• Name change from Tower Insurance Limited to Tower Limited</li> </ul>	Amalgamation	Hannah Snelling	September 2020
6.0	January 2021	<ul style="list-style-type: none"> <li>• Update to consolidate director conflict and confidentiality documentation</li> </ul>	Review	Rachael Watene	January 2021
7.0	March 2024	<ul style="list-style-type: none"> <li>• Update to further define board roles and responsibilities and to incorporate thematic review feedback</li> </ul>	Review	Arna Neems	March 2024

## 1. Interpretation

- 1.1 This Charter outlines the role, responsibilities, structure and processes of the Board. In this Charter, unless the context indicates otherwise:

**Act** means the Companies Act 1993.

**Board** means the Board of Directors of the Company.

**Chair** means the Chair of the Board and is used in a gender-neutral sense.

**Chief Executive Officer** means the most senior executive role reporting directly to the Board and responsible for management of the Company, whether titled Chief Executive Officer, or similar.

**Committees** mean the Tower Limited Audit Committee, Risk Committee, People, Remuneration and Appointment Committee and any other Committee appointed by the Board from time to time (and **Committee** means any one of those Committees).

**Company** means Tower Limited.

**Executive Leadership Team** means Tower's executive team as constituted by the Chief Executive Officer from time to time.

**IPSA** means the Insurance (Prudential Supervision) Act 2010.

**Non-Executive Directors** means members of the Board, excluding any Director deemed to be 'non-executive' in accordance with relevant policies, legislation or Stock Exchange Listing Rules.

**Secretary** means the Company Secretary or the person normally exercising the functions of a Board Secretary from time to time.

**Shareholder(s)** means the shareholder(s) of the Company.

**Strategic Objectives** means the strategic objectives of Tower, determined by the Board from time to time.

**Tower** means Tower Limited and related companies, which may change from time to time.

## 2. Purpose

- 2.1 The Board Charter sets out the role, responsibilities, structure and processes of the Board of Tower Limited.

## 3. Role and Responsibilities

- 3.1 The Board's role is to act as steward on behalf of the Company's stakeholders.
- 3.2 The Board:
- a. represents shareholders and serves the interests of the Company by overseeing and evaluating the Company's strategies, policies and performance.
  - b. oversees the Company's performance to build sustainable value for shareholders, in accordance with any duties and obligations imposed on the Board by law and the

Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed.

- c. approves the Company's purpose, values and Code of Conduct to underpin the desired culture within the Company and oversees that the culture instilled by management is focused on sound risk management and good customer outcomes.

3.3 When fulfilling its roles and responsibilities, the Board must act:

- a. in accordance with the duties and obligations imposed by the Company's Constitution and by law.
- b. consistently with the Company's purpose and values, including its Code of Conduct.

3.4 The Board may have regard to environmental, social and governance matters when fulfilling its roles and responsibilities.

3.5 The Board is responsible for:

- a. approving and overseeing Management's implementation of the Company's strategic direction, and significant strategic initiatives, together with annual operating plans and financial targets and capital expenditure plans;
- b. ongoing assessment and monitoring of performance, including management's performance against strategic objectives, operating plans, and financial targets;
- c. approving any material changes and departures from approved Company strategic objectives, annual operating plans and financial targets;
- d. governing the solvency, capital adequacy and liquidity of the Company;
- e. approving Company financial and treasury strategy and policies, including all dividend policies and distributions to shareholders, lending and borrowing, charging of assets, tax, investment and forex policies in respect of shareholders' funds when recommended by the Audit Committee;
- f. upon recommendation of the Audit Committee, appoints the External Auditor;
- g. upon recommendation of the Audit Committee, agrees the Audit Plan, and annual external audit fee;
- h. with the assistance of the Risk Committee, setting the Company's risk appetite and approving the Company's risk management policies, framework and profile, including the Company's compliance with legal requirements and Tower policies and procedures;
- i. monitoring and reviewing the Company's health and safety risks, determining the Company's health and safety framework and policies, and monitoring compliance with these;
- j. approval of capital project expenditure in excess of an amount to be determined by the Board from time to time;
- k. approval of operational expenditure (excluding commissions) in excess of an amount to be determined by the Board from time to time, except if specifically provided for in the current and approved operating plan;

- l. approving the granting of all guarantees and indemnities that are other than in the normal course of business;
- m. approving company information technology strategy and policies;
- n. approving Tower Limited's annual and half-yearly financial statements;
- o. approving Tower Limited's full-year solvency returns;
- p. approving all asset acquisitions and divestments in excess of an amount to be determined by the Board from time to time, except if specifically provided for in a current and approved business plan or in the normal course of business;
- q. settlement of legal proceedings other than in the ordinary course of business;
- r. establishing Committees and approving their charters;
- s. approving participation in any political lobbying;
- t. approving donations;
- u. overseeing and approving the Company's environmental, and social governance obligations, including consideration of sustainability strategies, climate-related risks, including physical and transition risks and opportunities;
- v. oversight of the activities of the Company's subsidiaries, including the appointment and removal of any Directors to the boards of subsidiary companies, and from time to time receiving and reviewing reports from the subsidiary companies in respect of their performance; and
- w. the appointment and removal of the Appointed Actuary of the Company.

#### **4. Board Composition**

- 4.1 The Board shall comprise at least three and no more than eight Directors, or such other number as allowed by the Company's Constitution.
- 4.2 A majority of the Directors of the Company must be independent. Independence shall be assessed (and reassessed at least annually) in accordance with the guidance issued from time to time by the Reserve Bank of New Zealand, the Financial Markets Authority and while the Company is listed, NZX.
- 4.3 Directors must also remain fit and proper in terms of the Company's Fit and Proper Standard and the requirements of IPSA.
- 4.4 At least two Directors will be ordinarily resident in New Zealand.
- 4.5 Between them, the Directors will have a range of skills, expertise and competencies that best allow the Board to operate effectively for the benefit of all shareholders, policyholders and other stakeholders. Collectively, the Board must have the necessary skills, knowledge and experience to understand the risks of each business which the Company and its subsidiaries operate, including each business's legal and prudential obligations.

## **5. Chair**

- 5.1 The roles of Chair and Chief Executive Officer will be separate.
- 5.2 The Chair will be an independent, non-executive Director.
- 5.3 The role of the Chair is to:
  - a. facilitate effective discussions and contributions by Directors at Board meetings;
  - b. manage the conduct of Board meetings (in consultation with the Chief Executive Officer and Company Secretary), including approving each meeting agenda, ensuring that adequate time is allowed for discussion of key agenda items;
  - c. promote open, inclusive and constructive discussion and debate within the Board, and with Management; and
  - d. maintain regular, open and constructive dialogue with the Chief Executive Officer and management.

## **6. Delegation to Chief Executive Officer**

- 6.1 The Board delegates to the Chief Executive Officer, subject to the approved Delegations of Authority, the powers necessary for managing the day-to-day business affairs and operations of the Company and implementing the strategic objectives set by the Board.
- 6.2 The Chief Executive Officer is authorised to make any lawful decision and take any action within the limitations prescribed in the Delegation of Authority and directed at achieving the strategic objectives of the Company.
- 6.3 Any matters or transactions outside the delegations of authority must be referred to the Board or relevant Committee for approval.

## **7. Meetings**

- 7.1 The Board will meet a minimum of six times each calendar year and will hold additional meetings as required.
- 7.2 The Chief Executive Officer and all other members of the Executive Leadership Team and the General Counsel/Company Secretary have a standing invitation to all regularly scheduled Board meetings.
- 7.3 Non-Executive Directors of the Board will meet together without Management present at least once each year and at any other time requested by any independent Director. The Board will meet regularly without Executive Management. Non-executive Directors will regularly meet without Executive Directors or other Management representatives present.

- 7.4 The Company's Constitution governs procedures at Board meetings.
- 7.5 Management must supply the Board with information in a form and of a quality that will enable the Board to discharge its duties effectively. Meeting materials should be provided to the Board one week prior to the date of the meeting.
- 7.6 Directors are entitled to rely on information, advice and assurances provided by Management on matters within their responsibility, and on the expertise of independent experts, if they are not aware of any grounds that would make such reliance inappropriate.
- 7.7 Directors are entitled to request additional information at any time when they consider it appropriate. Directors are expected to make an independent assessment of information presented, including its adequacy and integrity and, where required, to challenge the information presented.

## **8. Board Committees**

- 8.1 The Board has established Board Committees to assist it in the exercise of its responsibilities. Committees observe the same rules of conduct and procedures as the Board, unless the Board determines otherwise.
- 8.2 The Board currently has three standing Committees:
  - a. the Audit Committee;
  - b. Risk Committee; and the
  - c. People, Remuneration and Appointments Committee.
- 8.3 The purposes, membership duties and responsibilities of the standing Committees are set out in their Charters, which are approved by the Board.
- 8.4 The Board retains decision making powers in respect of any item not specifically delegated to a Committee in its Charter.
- 8.5 Minutes of Board Committee meetings are maintained and are made available to all Directors.
- 8.6 Board Committees and their Chairs may meet with key executives without other Management being present.

## **9. Company Secretary**

- 9.1 The appointment and removal of the Company Secretary is a matter for the whole Board.



- 9.2 The Company Secretary is responsible for the co-ordination of all Board business, including agendas, Board papers, minutes and relevant statutory filings.
- 9.3 All Directors will have direct access to the Company Secretary.
- 9.4 The Company Secretary is directly accountable to the Board on all matters relating to the proper functioning of the Board.

## **10. Conflicts of interest**

- 10.1 Directors are expected to avoid any action, position or interest that conflicts with the interests of the Company or gives the appearance of a conflict.
- 10.2 Directors have a continuing obligation to advise the Board of any interest that could potentially conflict with those of the Company.
- 10.3 If a Director has an actual, potential or perceived conflict in any matter being discussed by the Board, that conflict shall be declared. The Director will not:
  - a. receive relevant Board papers;
  - b. be present in the meeting when the matter is considered;
  - c. participate in any decision on the matter;

unless the Chair determines otherwise. If the Chair of the Board has a conflict, this determination will be made by the Chair of the Risk Committee or the Chair of the Audit Committee,

- 10.4 The Chair (or Chair of the Risk Committee or Chair of the Audit Committee) will direct the Company Secretary in respect of any information sharing protocols to be implemented.
- 10.5 The Company Secretary maintains a register of declarations of interest by Directors and will report them to the Board as necessary.

## **11. Confidentiality**

- 11.1 All proceedings of the Board, including papers submitted and presentations made to the Board, shall be kept confidential and shall not be disclosed or released to any person other than Board members, except as required by law or as agreed by the Board.

## **12. Access**

- 12.1 The Board shall have full and free access to executives and other employees of the Company, with requests for such access to be made via the Tower Chair to the Company Secretary.

### **13. Individual Director Responsibilities and Duties**

- 13.1 Board members are expected to maintain the highest standards of ethical behaviour and to comply with the Company's Code of Conduct.
- 13.2 Each Director, supported by the Chair and Management, is responsible for undertaking appropriate training as required to maintain and enhance their effectiveness as a Director. The Company Secretary will maintain a Training Register.
- 13.3 Directors will consult with the Chair of the Board prior to accepting new or additional appointments,
- 13.4 Directors will ensure that they are at all times able to devote sufficient time to the Company's affairs so as to properly carry out their responsibilities as a Director and devote that time to the affairs of the Company.

### **14. Independent Professional Advice**

- 14.1 A Director may obtain independent professional advice relating to the affairs of Tower or the discharge of his/her responsibilities as a Director or Committee Member. Directors will inform the relevant Board Chair when they obtain independent professional advice. Tower will meet the reasonable costs of such advice.

### **15. Board Performance**

- 15.1 The Board will assess and review the performance of the Board, Board Committees and individual Directors annually.
- 15.2 The Board evaluation will be completed by an independent third party on a three-yearly basis.

### **16. Review**

- 16.1 The Board will review this Charter every two years, or at any such interval as it considers necessary.