# THIRD AGE HEALTH SERVICES LIMITED
# BOARD CHARTER

**Role of the Board**
The role of the Board is to effectively represent and promote the interests of Shareholders with a view to maximising the average annual rate of increase in intrinsic value per share.

Having regard to its role the Board will direct and supervise the management of the Business and affairs of the Company including, in particular:

- Ensuring that the Company goals are clearly established and that strategies are in place for achieving them
- Establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the Business
- Monitoring the performance of Management
- Appointing the Company's lead executive, whether the Chief Executive Officer or an Executive Chairman or Director (Lead Executive), and setting the terms of their contract
- Deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken
- Ensuring that the Company's financial statements are true and fair and otherwise conform with law
- Ensuring that the Company adheres to high standards of ethics and corporate behaviour; and
- Ensuring that the Company has appropriate risk management/regulatory compliance policies in place.

In the normal course of events, day-to-day management of the Company will be in the hands of Management.

**The Board's Relationship with Shareholders**
The Board will use its best endeavours to familiarise itself with issues of concern to Shareholders.

**Board Procedures**
The conduct of members will be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders. The Board will carry out its role with the emphasis on strategic issues and policy.

Members will use their best endeavours to attend Board meetings and to prepare thoroughly. Members are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table.

Board discussions will be open and constructive, recognising that genuinely held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board.

Executive Members attend Board meetings to discharge their Board responsibilities. At Board meetings, Board responsibilities supersede all executive responsibilities.

The Board has sole authority over its agenda and exercises this through the Chairman. Any Member may, through the Chairman, request the addition of an item to the agenda. The agenda will be set by the Chairman in consultation with the Lead Executive and, if there is one, the Company Secretary.

At each normal meeting the Company's interest register will be updated as necessary and the Board will also consider, amongst other matters:

- Health and Safety
- Operational reports from the senior executives responsible for each decentralized business unit. A comprehensive report on the Company's financial performance and liquidity. This report will be provided by the senior executive responsible for the finance function.
- Specific proposals for capital expenditure and acquisitions; and
- Major issues and opportunities for the Company.

Members are entitled to have access, at all reasonable times, to all relevant company information and with approval from the Chairman, to Management.

Members are expected to strictly observe the provisions of the Companies Act applicable to the use and confidentiality of company information.

All interests will be declared, documented in the interest register and managed by the full board.

**Members**
The Company's Constitution provides for a minimum of three Directors and a maximum of eight Directors including the Chairman.

At least two Directors must be ordinarily resident in New Zealand and at least two Directors must be Independent Directors

The Board will determine whether or not a member is independent. In determining independence, the board will consider:

- Being currently, or within the last three years, employed in an executive role by the issuer, any of its subsidiaries, and there has not been a period of at least three years between ceasing such employment and serving on the board
- Currently, or within the last 12 months, holding a senior role in a provider of material professional services to the issuer or any of its subsidiaries
- A current, or within the last three years, material business relationship (e.g., as a supplier or customer) with the issuer or any of its subsidiaries;
- A substantial product holder of the issuer, or a senior manager of, or person otherwise associated with, a substantial product holder of the issuer.
- A current, or within the last three years, material contractual relationship with the issuer or any of its subsidiaries, other than as a director
- Having close family or personal ties with anyone in the categories listed above.
- Having been a director of the entity for a length of time that may compromise independence.

The Board will regularly assess the independence of each Director in the light of the interests disclosed by them. Each Director will disclose promptly to the Board all relevant information for this purpose. The independence of each Director will be disclosed in the Company's annual report. Where any Director ceases to be independent this will be disclosed promptly to the NZX.

**Chairman**

Each year, at the meeting following the Annual Meeting of Shareholders, the Board will appoint from among the Members a Chairman.

The Chairman is responsible for representing the Board to Shareholders.

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board.

The Chairman is responsible for maintaining regular dialogue with senior executives responsible for each Business Unit over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him or her cause for major concern. Where the Chairman is an Executive, the Directors may designate a Director to maintain regular dialogue with the Lead Executive and consult with the remainder of the Board promptly over any matter that gives him or her cause for major concern.

The Chairman will act as facilitator at meetings of the Board to ensure that no Member, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Members is forthcoming. The Chairman will ensure that discussions result in logical and understandable outcomes.

**Board Committees**

Board committees will be formed only when it is efficient or necessary to facilitate efficient decision-making.

Board committees will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.

Board committees will only speak or act for the Board when so authorised. The authority conferred on a Board committee will not derogate from the authority delegated to the Lead Executive.

The Board has one standing committee, namely the Audit Committee.

Separate standing committees for remuneration and nominations do not exist, as given its size and nature, the Board has decided that these functions will be carried out by the main board within the terms of reference of this Board Charter.

The Board will ensure that adequate time is specifically allocated during at least two board meetings a year for Executive Sessions to discuss matters that fall within the terms of reference for assessing the performance of Management. Where the Lead Executive is also a Director, the Non-Executive Directors will regularly discuss the Lead Executive's performance in his/her absence.

**The Audit Committee:**
The Audit Committee operates under its own Charter and assists the Board with the discharge of its responsibilities relative to financial reporting and financial/secretarial compliance. The Audit Committee Charter should be referred to for rules pertaining to the Audit Committee.

**Terms of reference for remuneration:**
The Board will

- Ensure that directors and senior management are remunerated fairly and responsibly, and that the remuneration policies and practices are consistent with the Company's strategic goals and human resources objectives;
- Review and approve remuneration packages and policies related to the directors;
- Review and approve remuneration packages and policies related to senior executives including any unusual contract terms, annual remuneration and participation in the Company's short and long term incentive schemes; and
- Review and approve any changes or developments to the Company's employee equity incentive plan.

**Terms of reference for nominations**
The Board will

- Review and make recommendations in relation to the composition and performance of the Board and its Committees;
- Engage in the process for recruiting new directors, including evaluating the balance of skills, knowledge, experience, independence, and diversity on the Board;
- Ensure that adequate succession plans are in place (including for recruitment and appointment of directors and management);
- Review and make recommendations on induction and continuing professional development programs for directors; and
- Develop and implement a process for evaluating on an annual basis the performance of the Board, its committee, and each director.

**Board Expenses**
The Board will operate with a frugal owner-mindset with directors leading by example.

Any Director who believes a specific cost needs to be incurred, including for independent professional advice, shall discuss the matter with the Chairman before the expense is committed.

The primary filter for any expense is whether it is essential for the fulfilment of fiduciary duties or to ensure a rational, data-driven decision.

The Board will maintain a collective awareness of its costs to ensure they remain modest and justifiable to the Shareholders, consistent with the goal of preserving and creating long-term value.

**Board and Member Evaluations**
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.

**Indemnities and Insurance**
The Company will provide Members with an indemnity and will pay the premiums for insurance cover whilst acting in their capacities as Members to the level agreed by the Board.

**Leadership and Management**
The Board links the Company's governance and capital allocation functions to the daily operations through the Company's Lead Executive.

All Board authority conferred on Management is delegated through the Lead Executive. The authority and accountability of Management is considered the authority and accountability of that individual so far as the Board is concerned.

The Board has formally established a schedule of Board Reserved Matters. All authority not specifically reserved for the Board is delegated to the Lead Executive. The Lead Executive is empowered to execute strategy and make decisions within these boundaries.

Between Board meetings, the Chairman maintains an informal link between the Board and Management. This ensures the Board is kept informed on all important matters and provides a channel for counsel and advice.

Only decisions of the Board acting as a body are binding on the Lead Executive. Decisions or instructions of individual Members are not binding unless specific, recorded authorisation is given by the Board.

**Review of this Charter**
The Board is responsible for reviewing this charter and the division of functions and responsibilities in the Company to determine whether it remains appropriate to the needs of the Company from time to time. This charter may be amended by resolution of the Board.