

SUMMERSET GROUP HOLDINGS LIMITED

BOARD CHARTER

1. Board Responsibilities

1.1 Role of the Board

The role of the board of directors (**Board**) of Summerset Group Holdings Limited (**Company**) is to effectively represent, and promote the interests of, shareholders with a view to adding long-term value to the Company's shares.

Having regard to its role the Board will direct, and supervise the management of, the business and affairs of the Company. Specific responsibilities of the Board (for which it may take advice from Board Committees) include:

- ensuring that the Company's goals are clearly established, and that strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from Management);
- establishing policies for strengthening the performance of the Company, including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
- monitoring the performance of the Company and Management against the Company's strategic objectives;
- appointing the Chief Executive Officer, setting the terms of the Chief Executive Officer's employment contract and, where necessary, replacing the Chief Executive Officer;
- reviewing the Chief Executive Officer's performance and approving the Chief Executive Officer's and Executive Leadership Team's remuneration and incentives;
- reviewing the Company's remuneration policies and practices in general including superannuation and incentive schemes for Management;
- approving the annual budget and any major capital expenditure outside of the limits set by the Delegated Authority Policy;
- deciding on any steps 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;
- approving the annual report and annual and half yearly financial statements (including ensuring that the Company's financial statements are true and fair and otherwise conform with law);
- approving the dividend policy and the amount, nature and timing of any dividends to be paid;
- ensuring that the Company adheres to high standards of ethics and corporate behaviour;
- overseeing the management of risks and ensuring that the Company has appropriate risk management and regulatory compliance policies in place, together with appropriate insurance;
- annually reviewing the Company's risk management framework and regularly considering the risks faced by the business and risk management strategies;
- overseeing and reviewing the Company's health and safety framework and strategy;
- reviewing the Board composition, structure and succession and Director remuneration;

- reviewing the Company's audit requirements, reviewing auditor performance and appointing and replacing the external auditor;
- ensuring the Company has appropriate corporate governance policies and practices in place; and
- ensuring the Company has a process in place to enable timely and balanced disclosures of material information to the market in accordance with law.

1.2 The Board's Relationship with Shareholders

The Board will use its best endeavours to familiarise itself with issues of concern to shareholders.

The Board will regularly evaluate economic, political, social, environmental, governance and legal issues and any other relevant external matters that may influence or affect the development of the business or the interests of shareholders and, if thought appropriate, will take outside expert advice on these matters.

2. Delegations to Management

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

The Board maintains a formal Delegated Authority Policy, which clearly defines the responsibilities that are delegated to Management and those retained by the Board. These delegated authorities are subject to review every two years.

The Chief Executive Officer is accountable to the Board for the exercise of, and compliance with, the delegations.

3. Board Committees

The Board may from time to time establish appropriate Committees to assist it by focussing on specific responsibilities in greater detail than is possible for the Board as a whole, reporting to the Board and making any necessary recommendations.

There are currently four standing Committees:

- (i) Audit Committee;
- (ii) People & Culture Committee;
- (iii) Development & Construction Committee; and
- (iv) Clinical Governance Committee.

Each Committee will have a written charter, approved by the Board and reviewed on a regular basis, setting out its purpose, responsibilities, composition, and the manner in which the Committee is to operate.

Each Committee may only exercise the powers conferred on the Committee by the Board.

4. Board Composition and Director Appointment

4.1 Composition

The Board will ensure it is of an effective composition, size, and commitment to adequately discharge its responsibilities and duties in such a way that it:

- has the appropriate mix of skills, experience, expertise and diversity required;
- has a proper understanding of, and competence to deal with, the current and emerging issues of the Company;
- exercises independent judgement;
- encourages enhanced performance of the Company; and
- can effectively review and challenge the performance of Management.

4.2 Board Size

The size of the Board will be such that the common purpose, involvement, participation, harmony and sense of responsibility of the Directors is not jeopardised. It must be large enough to ensure a range of knowledge, views and experience and must have a minimum of three Directors, of whom:

- at least two are ordinarily resident in New Zealand; and
- at least two are independent directors.

Generally, the number of Directors will be between four and eight of which the majority will be non-executive and independent. The Board will determine director independence in accordance with the NZX Listing Rules.

4.3 Appointment, Induction and Insurance

The Board will ensure it has processes in place for the selection of suitable candidates for appointment to the Board and the reappointment of incumbent Directors. This process will include:

- proper checks (as required);
- the provision of information to shareholders, including key information about the candidate and any material adverse information; and
- all required disclosures.

The terms of each Director's appointment will be documented in a written appointment agreement.

All new directors will undertake an induction programme to assist them in fulfilling their duties and responsibilities.

The Company 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.

4.4 Resignation and Reappointment

Subject to the Company's constitution and any legal requirements, Directors will hold office until the later of:

- the third annual meeting following their appointment; or
- three years from the date of their appointment.

A Director appointed by the Board must not hold office (without re-election by shareholders) past the next annual meeting following the Director's appointment.

It is not generally expected that a Director would hold office for more than ten years or be nominated for more than three consecutive terms, whichever is the longer.

5. Board and Director Evaluations

The Board will, each year, through the People & Culture Committee, critically evaluate its own performance and the performance of individual Directors and Board Committees.

6. Board Chair, Chief Executive Officer & Company Secretary

6.1 Board Chair

The Board will appoint from among the Directors a Board Chair, who will be a non-executive and independent Director. The Chair of the Board will not be the same person as the Chief Executive Officer.

The Chair's responsibilities include:

- chairing Board and shareholders' meetings;

- leading the Board, facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and Management;
- maintaining regular dialogue with the Chief Executive Officer over key matters affecting the Company and consulting with the remainder of the Board promptly over any matters of concern.

6.2 Chief Executive Officer

The Chief Executive Officer is expected to manage the organisation in accordance with the strategy, business plans and policies approved by the Board to achieve the Company's corporate objectives, goals and targets.

Between Board meetings the Chair maintains an informal link between the Board and the Chief Executive Officer, expects to be kept informed by the Chief Executive Officer on all important matters, and is available to the Chief Executive Officer to provide counsel and advice where appropriate.

Only decisions of the Board acting as a body are binding on the Chief Executive Officer. Decisions or instructions of individual Directors, officers or Committees are not binding except in those instances where specific authorisation is given by the Board.

6.3 Company Secretary

The appointment of the Secretary is made on the recommendation of the Chief Executive Officer and must be approved by the Board.

The Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with, and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

All Directors, particularly the Chair, have access to the advice and services of the Secretary for the purposes of the Board's affairs and the business.

7. Board Meetings and Procedures

The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to shareholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the Board on its activities.

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 particular knowledge, skills and abilities to the Board table. Directors who are unable to attend a meeting will advise the Chair at the earliest date possible.

The Board has sole authority over its agenda and exercises this through the Chair. Any Director may, through the Chair, request the addition of an item to the agenda. The agenda will be set by the Chair in consultation with the Chief Executive Officer and the Secretary.

The Board will normally hold a minimum of 6 meetings per annum, and will hold additional meetings as the occasion requires.

Directors are entitled to have access, at all reasonable times, to all relevant Company information and to Management.

All Directors and other attendees at Board and Committee meetings are required to keep all information presented or discussed at Board and Committee meetings confidential and only use and disclose this information in the proper discharge of their duties to the Company.

8. Directors' Remuneration

The Board will determine the level of remuneration paid to Directors within any limitations imposed by shareholders. Any changes to Director remuneration will only be made after taking independent advice.

9. Conflicts of Interest

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests.

Because a conflict of interest (actual or perceived) may be created, Directors should not, generally, provide business or professional services of an ongoing nature to the Company.

Despite the general rule, the Company may:

- for the purpose of a special assignment, engage the services of any Director having special expertise in the particular field; or
- engage the services of another Director of a Director's organisation, provided the terms of engagement are competitive, are clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

Directors may accept other Board appointments so long as the appointment is not in conflict with the business of the Company and does not detrimentally affect the Director's performance as a Director. All other appointments must first be discussed with the Chair before being accepted.

10. Independent Professional Advice

The Board or any Committee may, at the Company's expense, obtain any external professional advice that the Board or Committee considers necessary in order to carry out its responsibilities.

Individual Directors may also, with the Chair's prior consent, obtain their own external professional advice in connection with their role as Director at the Company's expense.