

Board Charter

PURPOSE

The purpose of the Charter is to ensure the effective oversight and governance of the Company in line with best practice corporate governance.

The Board Charter sets out the role, responsibilities, composition, procedures, authority and accountability of the Abano Board and the relationship between the Board and the CEO.

GOVERNANCE AT ABANO

The Abano Board of Directors is responsible for ensuring the highest levels of corporate governance within the organisation by adopting appropriate governance processes to manage risks, provide transparency and protect the interests of shareholders and stakeholders. We are committed to conducting business the right way, ethically and in line with legal and regulatory obligations.

The Company continues to monitor developments in best practice governance and update its policies accordingly.

In carrying out its responsibilities and powers as set out in this Charter, the Board will at all times recognise its overriding responsibility to act honestly, fairly, diligently and in accordance with the law.

The Board has formulated a number of policies to ensure the effective, ethical, fair and responsible governance of the Company.

DEFINITIONS

Abano refers to Abano Healthcare Group Limited, also referred to as **the Company**

Abano Group refers to Abano Healthcare Group Limited and all its subsidiaries

Board and Directors are the Board and Directors of Abano, unless specifically referred to as board and directors of a subsidiary business owned by Abano

Staff is defined as all Directors, employees, contractors and service providers of Abano Group

Subsidiary businesses are included in the Abano Group definition unless specifically referred to as a subsidiary business

CHARTER OVERVIEW

This Charter covers the following areas and should be read in conjunction with the Company Constitution and the NZX Listing Rules:

- Role and Responsibilities of the Board
- Board Membership
- Board Procedure
- Review of the Board

CHARTER DETAILS

ROLE AND RESPONSIBILITIES OF THE BOARD

The primary objective of the Board is to effectively represent, and promote the interests of, shareholders with a view to adding long term value to Abano's shares.

The Board is responsible for:

- The appointment of the CEO and for determining the CEO's employment terms and conditions;
- Ensuring that Abano's goals are clearly established and approving the business strategies to achieve these;
- Establishing policies to strengthen the performance of Abano including ensuring that management is proactively seeking to build the business through innovation, initiative, technology, new services and the development of its business and people;
- Delegating responsibility for the day to day operation and management of Abano to the CEO and others who are charged with the day to day leadership and management of the Group in line with Abano's Delegated Authorities framework;
- Monitoring the performance of the CEO and ensuring appropriate resources are available to enable Abano to implement its strategy;
- Ensuring succession plans are in place for the CEO and Directors;
- Where appropriate, ratifying the appointment or removal of senior executives
- Reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance;
- Ensuring Abano meets all its legal obligations including overseeing Abano's Health and Safety policy and obligations;
- Approving and monitoring the progress of major capital expenditure, capital management, and major acquisitions and divestments;
- Approving and monitoring financial and other reporting;
- Approving the approach to be taken in relation to significant public relations issues that may negatively impact Abano's reputation;
- Approving Group and governance policies and Board charters;

- Approving the sale and purchase of businesses or shares in a business;
- Approving resolutions and corresponding documents to be put forward to shareholders at an annual meeting;
- Reporting to shareholders and providing opportunities for shareholder dialogue with the Board;
- Ensuring Directors' and officers' liability insurance is in place;
- Ensuring that the Abano Board is and remains appropriately skilled.

Relationship with the CEO

The Board has statutory responsibility for the affairs and activities of the Group, which in practice is achieved through delegation to the Chief Executive Officer (CEO) and others who are charged with the day to day leadership and management of the Group.

The CEO has a special responsibility to implement the objectives and strategic direction set by the Board, manage and oversee the interfaces between the Group and its stakeholders, and to act as the principal representative of the Group. It is expected that the CEO will delegate a number of functions to members of Abano's management team.

In particular, the CEO is responsible for:

- Operating the Company's business within the parameters set by the Board and taking into account the health, safety, environmental and political consequences and their effect on long-term shareholder value.
- Identifying and managing business risks, and if those risks could materially affect the Company or its business, formulating strategies to manage those risks;
- Implementing the Company's internal controls, policies and procedures and monitoring these controls, policies and procedures and ensuring that they are appropriate and effective.
- Managing the Company's current financial and other reporting mechanisms to ensure that they are functioning effectively to capture all relevant material information on a timely basis; and
- Ensuring Directors are provided with accurate and clear information in a timely manner to promote effective decision making by the Board

Relationship with Shareholders

The Board is accountable to shareholders. It will use its best endeavours familiarise itself with issues of concern to shareholders and to understand, meet and appropriately balance the expectations of all shareholders. The Board will regularly evaluate economic, political, social and legal issues 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.

Relationship with Other Stakeholders

The Board will use its best endeavours to familiarise itself with issues of concern to all relevant stakeholders. The Board recognises that Abano's long-term survival and prosperity are closely intertwined with the environments and markets within which it operates and the extent to which it is seen as a responsible corporate citizen.

Role of the Chairman

The Chairman of the Board will be an independent, non-executive Director. The Chief Executive Officer cannot be the Chairman. The Chairman's responsibilities include:

- Leading and managing the Board to ensure the effective governance of Abano
- Ensuring the efficient organisation and conduct of the Board
- Setting the agenda for each Board meeting in consultation with the Chief Executive
- Chairing Board and shareholder meetings and facilitating effective discussions
- Ensuring Directors are briefed on matters of relevance to the Board
- Promoting an environment of trust, respect and openness to ensure consultative and constructive relationships between the Board and management
- Maintaining regular dialogue with the CEO in regards to overall operational matters
- Committing the time necessary to discharge effectively the role as Chairman.

Each year, following the Annual Meeting, the Board will appoint from among the members a chair and deputy chair. The standing chair and deputy chair will step down from these roles and may put themselves forward for re-appointment by their fellow Directors.

Delegation to Board Committees

The Board may, from time to time, establish committees to assist it in carrying out its responsibilities and enhance its effectiveness in key areas.

For each committee, the Board shall adopt a formal charter that sets out the delegated functions and responsibilities for, and the composition and any administrative matters relating to, that committee.

The current committees of the Board are:

- Risk Assurance and Audit Committee
- Governance and Remuneration Committee.

The use of committees allows issues requiring detailed consideration to be dealt with separately by members of the Board with specialist knowledge and experience, thereby enhancing the efficiency and effectiveness of the Board.

The committees meet as required and have terms of reference, which are approved and reviewed by the Board. Minutes of each committee meeting are forwarded to all members of the Board, who are all entitled

to attend any committee meeting. Each committee is empowered to seek any information it requires from employees in pursuing its duties and to obtain independent legal or other professional advice.

The Board retains ultimate responsibility for the functions of its committees and determines their responsibilities. This includes regularly reviewing the membership and performance of each committee against its Charter.

Board Committees do not have the power or authority to make a decision in the Board's name or on its behalf. Their role is to give clear guidance and make recommendations to the Board on relevant matters.

BOARD MEMBERSHIP

Board Composition and Mix

Clause 11.1 of the Company Constitution specifies that the number of Directors shall:

- Not be less than three nor more than nine (or such other number as is fixed by an Ordinary Resolution)
- At least two of which Directors shall be ordinarily resident in New Zealand, and
- That while the Company is Listed, it shall have not less than the minimum number of Independent Directors prescribed by the Listing Rules.

Subject to these limitations, the number of Directors to hold office shall be fixed from time to time by the Board. The size of the Board will be such that the common purpose, involvement, participation, harmony and sense of responsibility of the Directors are not jeopardised.

It is Abano's policy that the majority of Directors shall be independent, non-executive Directors.

The composition of the Board will reflect the duties and responsibilities it is to discharge and perform as representative of the interests of shareholders, and in setting Abano's strategy and seeing that it is implemented.

Membership, rotation and retirement will be determined in accordance with the Company Constitution and NZX Listing rules.

A Governance and Remuneration Committee has been established and is responsible for identifying and recommending candidates, taking into account such factors as it deems appropriate, including tenure, capability, skill sets, experience, qualifications, judgement and the ability to work with other Directors.

Abano supports diversity on both the Board and within its businesses, and recognises the value in diversity of thinking and skills which can arise through a number of different characteristics.

Alternate directors may be appointed from time to time in accordance with the procedures in the Company Constitution.

Independence

The Board will assess the independence of directors on their appointment and at least annually thereafter. The Board will disclose which Directors are independent to the NZX and in the Abano annual report, and the basis for these determinations. Any change in independence will be disclosed to the NZX.

Independence will be determined by the NZX Listing Rules, in that a director will only be regarded as independent if they do not have any direct or indirect interest or relationship that could reasonably influence, in a material way, the Director's decisions in relation to Abano.

Without limiting the definition, a Director shall be deemed to have a Disqualifying Relationship in the following circumstances where:

- a) The Director is a substantial shareholder of Abano or an Associated Person of the substantial shareholder (other than solely as a consequence of being a Director of the Issuer); or where
- b) The Director has a relationship (other than in his or her capacity as a Director of Abano) with Abano or a substantial shareholder of Abano, unless a class waiver has been granted by NZX; or an Associated Person of the Director has a relationship with Abano or a substantial shareholder of Abano; and by virtue of the relationship that Director or any Associated Person of the Director is likely to derive, in the current financial year of the Issuer, a substantial portion of his, her or its annual revenue during such financial year.

Directors

- Abano Directors are expected to abide by Abano's Ethical Conduct Policy.
- Each Director receives a Letter of Appointment, outlining the key terms and conditions of their appointment and their responsibilities and duties.
- Newly-appointed Directors will be provided with an induction programme and materials to assist in enhancing their understanding of Abano, its businesses and the environment within which they operate.
- Directors will keep confidential all information including Board information, discussions, deliberations and decisions that are not publicly known. These obligations will continue after that person has ceased to be an Abano Director.
- Abano encourages all Directors to undertake appropriate training and education so that they may best perform their duties. The Board has a budget available to support Director training and education. In addition, all Directors are regularly updated on relevant industry and company

issues, including briefings from key executives and ongoing presentations to the Board by all business sectors.

- A Board committee or a Director may retain and consult with external legal or other professional advisers at Abano's expense where the committee or Director deems it necessary to carry out its, his or her duties. The Chairman must be advised that the advice has been taken and the advice must be made available to the rest of the Board.
- Directors are responsible for monitoring and declaring any possible conflict of interest. Under s140 of the Companies Act, after becoming aware of the fact that he or she is interested in a transaction or proposed transaction with the Company, a Director will enter the details in Abano's interest register and disclose the interest to the Board of Abano.
- In addition, at each Board meeting, the Chairman will seek disclosure of conflicts of interest from Directors on matters to be discussed or voted on at that meeting. Where conflicts of interest do exist, Directors must disclose the nature of the interest to fellow Directors, and, where appropriate, excuse themselves from discussions in respect of those interests and abstain from voting on those matters.
- 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. Notwithstanding the general rule, the company is at liberty to 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 member of a Director's organisation, so long as the terms of engagement are competitive, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.
- While holding office, Directors are at liberty to accept other board appointments so long as the appointment is not in conflict with Abano 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.
- The conditions for trading in Abano's shares by Directors are outlined in Abano's Share Trading Policy. All changes in any interests in Abano shares held by Directors or related parties are required to be reported to the Board and disclosed to the NZX.
- The Company will provide Directors' and Officers' liability insurance. This ensures that any monetary loss suffered by Directors and Officers, as a result of actions undertaken by them as Directors or Officers, is capped to specified limits (subject to legal requirements or restrictions). Every Director shall be indemnified by the Company for any costs referred to in section 162(3) of the Act and any liability or costs referred to in section 162(4) of the Act. Details of indemnity and insurance are outlined in section 13 of the Company Constitution.

Remuneration of Directors

The framework for the determination and payment of Directors' and senior executives' remuneration is set out in the Remuneration Policy. External advice is sought to ensure remuneration is benchmarked to the market for Directors and Board positions.

In addition, the Board has adopted a Share Plan in which non-executive Directors invest 50% of their annual after tax fees into Abano shares, which are acquired on the market on a semi-annual basis. It is the intention of the Share Plan that participating Directors should acquire Shares over the duration of the term of the Plan with the intention that over time, they will have acquired Shares the aggregate value of which is approximately equivalent to the aggregate value of two years of their after tax Directors' fees. The amount paid to Directors is detailed annually in the Company's Financial Statements.

Executive Directors will receive no fees but will be paid as employees of the company in accordance with their contracts of employment with the company.

BOARD PROCEDURES

Board Meetings

The Board shall meet as often as it deems appropriate and necessary. Procedures at meetings will be in accordance with the Company Constitution. The Board will meet at least 11 times per year including an Annual Strategy meeting. Additional meetings may be convened should circumstances require. Urgent business may be conducted by telephone or video conference, as detailed in the Constitution.

Board papers will be provided to Directors in sufficient time prior to meetings to enable familiarisation with their content.

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.

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 chair will, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote.

Minutes will be taken of all Board meetings. However, 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.

Standing Agenda Items

The Chairman will be responsible, in consultation with the CEO, for setting the agenda, with each Director entitled to suggest agenda items.

The standing items for each full meeting will include:

- Approval of the previous meeting's minutes
- An executive report from the CEO
- Committee reports
- Regular reports from business management
- Specific papers or proposals requiring approval by the Board, as per the Delegated Authorities Policy
- Matters requiring disclosure
- Updating of the interests register

Annual Agenda Items

In addition, the Board will, at intervals of not more than one year:

- Review the company goals and the strategies and operating plans for achieving these goals
- Approve the annual budget
- Approve the annual and half-yearly financial statements, reports to shareholders and public announcements
- Approve the annual report
- Consider and, if appropriate, declare or recommend the payment of dividends
- Review the Board composition, structure and succession
- Review the Company's audit requirements
- Review the performance of, necessity for and composition of Board committees
- Undertake Board and individual Director evaluations with a formal review every three years
- Review Directors' remuneration
- Review the CEO's performance and remuneration
- Review remuneration policies and practices in general including any incentive schemes for management
- Review risk assessment policies and controls including insurance covers and compliance with legal, regulatory and health and safety requirements
- Review Abano's Ethical Conduct Policy
- Review shareholder and other stakeholder's relations
- Settle the following year's Board work plan.

BOARD EVALUATION

The Board shall undertake a regular performance evaluation of itself, with an independent external review of performance every three years, that:

- compares the performance of the Board with the requirements of this Charter;
- reviews the performance of the Board's committees and individual Directors;
- sets forth the goals and objectives of the Board for the upcoming year; and
- effects any improvements to this Charter deemed necessary or appropriate.

The performance evaluation shall be conducted in such a manner as the Board deems appropriate. The Board also has an informal process of continuous feedback and Board improvement.

Review and Approval

Reviewed and approved	By the Board	September 2016
Next review date		September 2017