



# **PROMISIA HEALTHCARE GROUP**

## **CORPORATE GOVERNANCE CODE**

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## **PROMISIA GROUP CORPORATE GOVERNANCE CODE**

The following Corporate Governance Code ("Code") sets out the authority, responsibilities, membership and operation the Board of Directors of Promisia Healthcare Limited (the "Company") and its wholly owned subsidiaries (together the "Group"). It is to be read in conjunction with the Company's Constitution (the "Constitution").

Each of the Company's directors and all of the Company's management are fully committed to high standards of corporate governance, which includes embracing the following principles:

- To observe high standards of ethical and moral behaviour;
- To act in the best interests of shareholders;
- To ensure that Promisia Healthcare acts as a good corporate citizen
- To recognise the legitimate interests of all stakeholders; and
- To remunerate and promote fairly and responsibly.

### **1. CORPORATE GOVERNANCE PRINCIPLES**

#### **1.1 Overarching Responsibility of the Board**

The Board is responsible for setting the Group's strategic direction, directing the Group and enhancing its value for shareholders in accordance with good corporate governance principles and noting the Board's primary responsibility is to act in the best interests of the Company.

#### **1.2 Chair**

The Board elects its Chair each year following the Annual Meeting. The Chair's primary responsibility is the efficient functioning of the Board.

#### **1.3 Chief Executive Officer**

The Board appoints a Chief Executive Officer ("CEO") who is responsible for the management of the Group in accordance with the strategies approved by the Board.

#### **1.4 Separation of Roles**

The Board endorses the separation of the roles of Chair and CEO.

#### **1.5 Link with Performance**

The Board recognises that the quality with which it performs its functions is an integral part of the performance of the Group and that there is a strong link between good governance and performance.

## 1.6 Board of Directors of Subsidiary Companies

This Code outlines protocols between the Promisia Healthcare Limited board and subsidiary boards. The protocols applying are attached as Appendix A.

## 1.7 Annual Review

This Code outlines the corporate governance principles and guidelines in place to assist the Board in achieving the objectives for the Group and is reviewed annually following the Annual Meeting.

## 1.8 Code of Conduct

The Board recognises that high ethical standards and behaviours are central to good corporate governance and it is committed to implementing, reviewing and monitoring observance of a written Code of Conduct for the Group.

## 1.9 Information to New Directors

On appointment to the Board a director will receive a compliance pack including any relevant Company Policies, the Constitution, and a copy of this Code.

# 2 ROLE OF THE BOARD

## 2.1 Group's Objective

The primary objective and responsibility of the Company's directors is to exercise their collective business judgment such that they act in what they believe to be the best interests of the Company. In discharging that obligation, directors, as outlined in clause 6.3, should be entitled to rely on the honesty and integrity of the Company's senior executives together with its outside advisors and auditors.

It is the Board's responsibility to take appropriate steps to protect and enhance the value of the Company's assets of in the best interests of its shareholders.

The Board will ensure that at the heart of the organisation there is a culture of honesty, integrity and excellence in performance.

## 2.2 Direction of Group

In pursuing this objective and responsibility the role of the Board is to assume accountability for the success of the Group by taking responsibility for the strategic direction and monitoring of operational management of the Group.

## 2.3 Main Functions of the Board

The main functions of the Board are to:

- a) review and approve the strategic, business and financial plans prepared by management and to develop a depth of knowledge of the Group's business so as to be actively engaged in order to understand and question the assumptions upon which such plans are based;
- b) monitor the Group's performance against its approved strategic, business and financial plans and oversee the Group's operating results on a regular basis so as to evaluate whether the business is being properly managed;
- c) select and (if necessary) replace the CEO;
- d) set delegated authority levels for the CEO;
- e) ensure that the Group has adequate management to achieve its objectives and that a satisfactory management plan for succession is in place and to support the CEO;
- f) ensure that appropriate systems and processes are in place so that the business of the Company is conducted in an honest, ethical, responsible and safe manner;
- g) review and approve individual investment and divestment decisions together with capital expenditure decisions which the Board has determined should be referred to it before implementation;
- h) review and approve material transactions not in the ordinary course of the Group's business;
- i) approve the appointments by, or at the request of, the Company (including its affiliates) to the boards of directors of subsidiary and associate companies;
- j) ensure ethical behaviour by the Group, the Board and management, including compliance with the Constitution, the relevant laws, NZX Listing Rules and regulations and the relevant auditing and accounting principles;
- k) implement and from time to time review the Group's Code of Ethics, foster high standards of ethical conduct and personal behaviour and hold accountable those directors, managers or other employees who engage in unethical behaviours;
- l) act in such a way that Board meetings and discussions promote focused debate within a supportive team atmosphere;
- m) ensure effective and timely reporting to shareholders;
- n) ensure the quality and independence of the Group's external audit process;
- o) assess from time to time its own effectiveness in carrying out these functions and the other responsibilities of the Board;
- p) safeguard and enhance the image and reputation of the Company; and

- q) to ensure the effective monitoring and management of health and safety.

## **2.4 Board Relationship with CEO**

The Board acknowledges that one of its most important roles is to provide high level counsel to the CEO, to constantly monitor the performance of the CEO against the Board's requirements and expectations and to take timely action if the objectives of the Group are not being achieved or a correction to management plans is required.

## **3 COMPOSITION OF THE BOARD**

### **3.1 Board Skills**

The Board should at all times comprise members whose skills, experience and attributes together reflect diversity, balance, cohesion and match the demands facing the Group.

### **3.2 Appointments to the Board**

Every new appointment to the Board is considered and decided by the Board as a whole taking into account the range of relevant skills, knowledge and experience a potential new director may offer the Board and his or her ability to fully commit the time needed to be effective as a director of the Group. A director appointed by the Board must submit himself or herself for reappointment by shareholders at the next annual meeting following his or her appointment.

### **3.3 Board Membership**

The Board has adopted the following principles:

- a) the Board shall maintain at least a minimum number of two Independent Directors (as defined in the NZX Listing Rules) or where the Board comprises eight or more directors the number of Independent Directors shall be at least three or one-third of all directors (rounded down to the nearest whole number of directors), whichever is the greater;
- b) directors are required to bring forward to the Board all relevant information which may affect their independence. Loss or gain of independence of a director shall be disclosed to the market immediately;
- c) the Board shall comply with the Constitution as it concerns Board membership including procedures governing retirement, rotation, resignation or removal of directors;
- d) a Board member should not have any significant conflict of interest that is potentially detrimental to the Group, including:
  - (i) affiliations with competitors of the Group; and

- (ii) affiliations with parties that are likely to be a regular counter-party to a transaction with the Group. In practice, however, such conflicts may arise in the course of director's tenure and procedures for dealing with these situations are contained in 3.5;
- e) control rights of shareholders (board representation) should, where possible, be aligned to cash flow rights (share ownership). Therefore, significant shareholders or shareholder groups should be represented on the Board. Nevertheless, the Board should also contain some directors not related to or affiliated with any shareholder or shareholder group in order to ensure that the interests of all shareholders are represented;
- f) the Board seeks diversity in the skills, attributes and experience of its members across a broad range of criteria so as to represent the diversity of shareholders, business activities of the Group and regions in which the Group operates;
- g) at least one-third of the directors will retire annually, but are eligible for reappointment by shareholders;
- h) directors standing for reappointment will have their performance evaluated by their fellow directors in a process coordinated by the Chair. Individual feedback will be given to each director as their evaluation is completed; and
- i) the Board elects a Chair who can be replaced by it at any time.

### **3.4 Procedures**

A director must declare to the Board any relationship that might compromise his or her ability to act independently from management (see 3.3(a)) or any conflicts of interest that are potentially detrimental to the Group (see 3.3(d)). As soon as practicable thereafter the Board, or a committee of the Board established for the purpose, will meet to review the relationship or conflict and determine a process to deal with the issue.

### **3.5 Business Relationships to be Disclosed**

Before accepting appointment to the Board, and thereafter as they occur, a director is required to disclose to the Board, and have recorded in the register of interests, his or her business relationships that may have a bearing on his or her role as a director of the Group.

### **3.6 Openness to Review**

In considering new appointments to the Board, the Board shall take such steps as may be appropriate to ensure that the Board maintains openness to new ideas and a willingness to critically examine its performance.

### **3.7 Performance Evaluation of the Board**

The Board will conduct an annual performance review of the Board as a whole to be completed after financial year-end. Individual director views and the collated views of members of the senior

management team will be sought on Board process, efficiency and effectiveness, and discussed by the Board as a whole.

### **3.8 Annual Report**

The Group's annual report will include information about each director, and identify which directors are independent.

## **4 ROLE OF THE CHAIR**

### **4.1 Chair's Responsibilities**

The Chair is responsible for co-ordinating and managing the activities of the Board and has the following specific responsibilities:

- a) conduct meetings of the Board and of shareholders;
- b) schedule Board meetings in a manner that enables the Board and its Committees to perform their duties responsibly while not interfering with the flow of the Group's business;
- c) prepare, in consultation with the CEO, other directors and Committee Chairs, the agendas for the Board and Committee meetings;
- d) define the quality, quantity and timeliness of the flow of information between management and the Board;
- e) to ensure that issues raised, or information requested, by any director are responded to promptly and as fully as possible;
- f) make sure the Board is well informed and effective and that the Board members, individually and as a group, have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Board and the Company;
- g) approve, in consultation with the Board, the retention of consultants who report directly to the Board;
- h) foster a constructive governance culture and assist the Board and management in assuring compliance with and implementation of this Code and to be principally responsible for recommending revisions thereto;
- i) promote and maintain the independence of the Board from management whilst fostering a constructive governance culture;
- j) act as link between the Board and the CEO on a day-to-day basis;



- k) ensure effective communication with shareholders; and
- l) to ensure that rigorous, formal processes for evaluating the performance of the Board, Committees and individual directors are in place and lead these processes.

#### **4.2 Meetings of the Board**

The Board will meet at least nine times a year and as otherwise necessary to deal with any urgent matters. Directors should spend the time necessary and meet as frequently as necessary to properly discharge their responsibilities.

The Chair is responsible for ensuring that Board meetings are sufficiently well-planned and conducted in a manner that ensures the most effective and efficient use of Board time and energy. The Chair takes particular responsibility for leading the Board and setting the tone for the conduct of its meetings and the way in which issues are debated. It is the Chair's responsibility to ensure that adequate minutes of the proceedings of meetings of the Board are taken and approved.

The Board will meet at least once a year without management present for open discussion on any Company issue.

#### **4.3 Relationship with CEO**

The Chair is responsible for establishing a professional, constructive and productive working relationship with the CEO and acting as his or her mentor.

### **5 DIRECTOR EMPOWERMENT ASSURANCE**

#### **5.1 Empowerment**

The Board recognises that the way in which it functions impacts on how well the Board performs its role as steward of the Group. Accordingly, the Board has in place procedures to ensure that the Board meets regularly, conducts its meetings in an efficient and effective manner and that each director is fully empowered to perform his or her duties as a director of the Group and to fully participate in meetings of the Board.

#### **5.2 Meetings without CEO**

The Board meets without the CEO at least once a year when the performance, evaluation and remuneration of the CEO and management are reviewed.

#### **5.3 Attendance at Meetings**

Directors are expected to attend all Board meetings and when this is not possible directors can join the meeting by means of audio, audio and visual, or electronic communication. In circumstances where a Board member is unable to attend, apologies must be given to the Chair.

#### **5.4 Convening of Meetings**

Board meetings are normally convened by the Chair. Any director may request the Chair or the secretary to convene a meeting. Notice of a meeting must be given to all directors.

#### **5.5 Agenda for Meetings**

The agenda for normal Board meetings is determined by the Chair. Standing items will include the CEO's Report, financial reports, disclosure compliance and notification of directors' relevant interests. Where a director has requested a meeting the agenda will be as specified by that director. Board members are encouraged to submit items for inclusion in the agenda. In addition, each Board meeting has a general business item under which directors may raise issues.

#### **5.6 Information to Directors**

The Board recognises that appropriate information, provided on a timely basis, is essential to the effective discharge of its duties. The Chair and the CEO are responsible for ensuring appropriate Board papers (including any financial reports), that identify and fairly address the key issues concerning the Group, are prepared and distributed to Board members in a format and at a time that allows directors to be fully informed on the affairs of the Group and to properly prepare for discussion at Board meetings. The content, presentation and delivery of papers to directors for each meeting will be in accordance with guidelines agreed by the Board.

#### **5.7 Availability of Management**

The Chair, in consultation with the CEO, is responsible to ensure the availability of the CEO and management when required by the Board.

#### **5.8 Passing of Resolutions**

A resolution of the Board is passed at a Board meeting by the agreement of a majority of the votes cast on it. In the case of an equality of votes the Chair has the casting vote except when two directors form a quorum, and only two Directors are present at the meeting.

#### **5.9 Performance Criteria**

The Board reviews from time to time performance criteria for itself.

#### **5.10 Relationship with Management**

The Board recognises that all directors should have access to the CEO and senior management. Where access to senior management is necessary the director should let the CEO know of the meeting and should copy the CEO with any written communication with that senior manager. Each director acknowledges that the division of responsibility between Board and management must be respected.

#### **5.11 Independent Advice**

A director may obtain independent advice at the expense of the Group on issues related to the fulfilment of his or her duties as a director, subject to obtaining the approval of the Board Chairman prior to the incurrence of any advisory fees.

#### **5.12 Indemnities by Group**

The Group indemnifies a director upon joining the Board to the extent provided in section 162 of the Companies Act 1993 (*the Act*) and it also indemnifies persons who undertake directorships of other companies at the request of the Group.

#### **5.13 Insurance by Group**

The Group will effect director and officers' liability insurance cover for the benefit of directors and management.

#### **5.14 Director Orientation and Education**

The Board will ensure that all new directors are appropriately introduced to members of the senior management team and gain a good understanding of the business of the Company.

All such directors will receive full disclosure and compliance packs including relevant Company policies, its Constitution and this Code.

It is expected that all directors will continuously educate themselves to ensure that they may appropriately and effectively perform their duties. In addition, visits to specific Company operations when appropriate and briefings from key executives and industry experts will be arranged.

### **6 DIRECTOR RESPONSIBILITIES**

#### **6.1 Directors Principal Duties**

The directors are committed to the proper and responsible fulfilment of their duties to the Group and to the shareholders. In particular, the directors are mindful of their duties contained in the Act, the Constitution and the NZX Listing Rules which include the following:

- a) a director, when exercising powers or performing duties, must act in good faith and in what the director believes to be the best interests of the relevant Group company;
- b) a director must exercise a power for a proper purpose;
- c) a director must not act, or agree to the Group acting, in a manner that contravenes the law or the constitution of the relevant Group company;
- d) a director must not:
  - (i) agree to the business of the Group being carried on in a manner likely to create a substantial risk of serious loss to the Group's creditors; or

- (ii) cause or allow the business of the Group to be carried on in a manner likely to create a substantial risk of serious loss to the Group's creditors;
- e) a director must not agree to a Group company incurring an obligation unless the director believes at that time, on reasonable grounds, that the Group company will be able to perform the obligation when it is required to do so; and
- f) a director when exercising powers or performing duties as a director, must exercise the care, diligence and skill that a reasonable director would exercise in the same circumstances taking into account, but without limitation:
  - (i) the nature of the Group;
  - (ii) the nature of the decision; and
  - (iii) the position of the director and the nature of the responsibilities undertaken by him or her.

## 6.2 Delegation by the Board

The Board may delegate to the CEO any of its powers (other than certain powers specified in the Act).

However, whenever the Board delegates a power the Board remains responsible for the exercise of the power by the delegate, unless the Board:

- a) believed on reasonable grounds that the delegate would exercise the power in conformity with the duties imposed on directors by the Act and the Constitution; and
- b) has monitored, by means of reasonable methods properly used, the exercise of the power by the delegate.

## 6.3 Reliance on Information

A director may rely on information, financial data and professional or expert advice given by any of the following:

- a) an employee of the Group whom the director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- b) a professional advisor or expert in relation to matters which the director believes on reasonable grounds to be within the person's competence; or
- c) any other director or committee of directors upon which the director did not serve in relation to matters within the director's or committee's delegated authority.

A director may only rely on others, as described above, if the director:

- (i) acts in good faith;
- (ii) makes proper enquiry where the need for enquiry is indicated by the circumstances; and
- (iii) has no knowledge that such reliance is unwarranted.

#### **6.4 Confidentiality of Group Information**

A director who has confidential information in his or her capacity as a director must not disclose that information to any person or make use of or act on that information, except:

- a) for the purposes of the Group;
- b) as required or permitted by law; and
- c) in complying with the director's obligation to disclose his or her interest in a transaction with the Group.

#### **6.5 Authorised Disclosure of Information**

A director may disclose information to a person whose interests the director represents, and may disclose, make use of, or act on information if:

- a) particulars of the disclosure, use, or act are entered in the Interests Register (see 6.8); and the disclosure, use, or act will not be likely to prejudice the Group.

#### **6.6 Securities Trading Policy**

The Board of the Group has implemented a formal procedure to handle the trading in the Group's listed securities by directors and employees and advisers of the Group and any subsidiaries. All directors, employees and advisers of the Group and any subsidiaries must comply with these procedures and the requirements of the Securities Markets Act 1988.

#### **6.7 Inside Information**

If a director has inside information on the Group (or another public issuer) he or she must not trade in, or tip others to trade in, the securities of the Group (or another public issuer).

#### **6.8 Resigning Director**

A director who resigns before the expiry of his or her term will identify to the Board his or her reasons for early retirement.

### **7 CONFLICTS OF INTEREST**

## 7.1 General Conflicts

A director should not have any significant conflict of interest that is potentially detrimental to the Group, including:

- a) material affiliations with competitors of the Group; and
- b) material affiliations with parties that are likely to be a regular counterparty to a transaction with the Group;

in either of these events a director should consider their on-going role on the board.

## 7.2 Disclosure of Interest

A director who is interested in a transaction with the Group must immediately disclose to the Board the nature, monetary value and extent of the interest.

## 7.3 Participation at Meetings

A director who is interested in a transaction with the Group may attend and participate at a Board meeting at which the transaction is discussed. However, such directors are not counted in the quorum and may not vote in respect of the transaction, unless it is one in respect of which directors are expressly required by the Act to sign a certificate.

## 7.4 Interests Register

The Board maintains an Interests Register in which are entered the required disclosures made by directors in respect of matters relating to the Group. Entries in the Interests Register are considered for disclosure in the next annual report.

## 7.5 Acting at Arms-length

A director who, either directly or indirectly, provides goods or services to the Group or an affiliate of the Group must act on an arms-length basis and not use his or her position as a director to influence commercial decisions by the Group or the affiliate.

# 8 COMMITTEES OF THE BOARD

## 8.1 Purpose of Committees

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.

However, the Board retains ultimate responsibility for the functions of its Committees and determines their responsibilities.

## **8.2 Exclusive Board Matters**

Issues relating to appointments to the Board and the Group's strategy, business and financial plans are dealt with directly by the Board.

## **8.3 Committees of the Board**

The Board has constituted one standing Committee being the Audit and Risk Management Committee. From time to time the Board may constitute an ad hoc Committee to deal with a particular issue facing it which requires specialist knowledge and experience.

## **8.4 Composition of Committees**

Each standing Committee comprises at least two directors (see 8.12 for Composition of Audit and Risk Committee). The CEO may not be a member of the Audit and Risk Management Committee. Only directors may be members of a Committee, and the alternate of a director may take the place of that director where required.

## **8.5 Chair of Committees**

Each standing Committee must be chaired by a director other than the Chair of the Company.

## **8.6 Attendance at Meetings**

In order to be fully informed on the matters for consideration a Committee member may require the attendance of any of the CEO, management, the Group's auditors and advisers.

## **8.7 Review of Committees by Board**

The Board will review the composition of the Audit and Risk Management Committee following the annual meeting.

## **8.8 Publication of Committee members**

The Board will identify the members of the Audit and Risk Management Committee and any other Committee convened in the Group's annual report.

## **8.9 Audit and Risk Management Committee Charter**

The Audit and Risk Management Committee shall produce a written charter that outlines the Audit and Risk Management Committee's delegated authority, duties responsibilities and relationship with the Board. The Audit and Risk Management Committee charter shall be readily available to shareholders.

## **8.10 Audit and Risk Management Committee Duties and Responsibilities**

The Audit and Risk Management Committee is responsible for the functions as listed in the Responsibilities section of the Audit and Risk Management Committee Charter.

### **8.11 Audit and Risk Management Committee Procedure**

In carrying out the responsibilities the Audit and Risk Management Committee will:

- a) meet at least once a year with the auditors and without the CEO or management being present;
- b) convene a meeting if the auditors so request; and
- c) communicate the outcome of the meeting to the Chair as soon as practicable after the meeting;

### **8.12 Composition of the Audit and Risk Management Committee**

The Audit and Risk Management Committee shall comprise a minimum of three directors, a majority being independent directors including at least one director who is a chartered accountant or has another recognised form of financial expertise.

### **8.13 Minutes**

Minutes of the proceedings of every Committee meeting shall be taken and circulated to each member of the Board.

## **9 EXTERNAL AUDIT POLICY**

### **9.1 Appointment of Auditor**

The auditor of the Group shall be appointed on professional merit.

### **9.2 Independence of Auditor**

The Audit and Risk Management Committee and Board should be satisfied prior to the appointment of the Group's auditor that there is no relationship between the proposed auditor and the Group or any related person that could compromise the independence of the auditor and have received written confirmation to that effect from the auditor.

### **9.3 Full and Frank Dialogue**

The Board recognises the importance of, and shall facilitate, full and frank dialogue among the Audit and Risk Management Committee, the auditor and management.

### **9.4 Rotation of Audit leader**

The auditor's lead and engagement audit partners should be rotated after a maximum of five years such that no such persons shall be engaged in an audit of the Group for more than five consecutive years.



## 9.5 Report on Audit Fees

The Board shall annually report to shareholders and stakeholders on the amount of fees paid to the auditor for both audit and non-audit work and shall separately identify fees paid for each category of non-audit work.

## 9.6 Report on Non-Audit work

The Board shall state in the annual report what non-audit work (if any) was undertaken by the auditor and why this did not compromise the independence of the auditors.

## 10 REMUNERATION POLICY

### 10.1 Alignment of Interests with Shareholders

The Board promotes the alignment of the interests of the directors, the CEO and management with the long term interests of shareholders.

### 10.2 Review Process

The Board shall annually review the remuneration structure and policy within the Group. The Board shall annually review the remuneration packages of the CEO and management and shall review the remuneration packages of directors at least every second year.

### 10.3 External Advisers

In reviewing the remuneration proposed for directors, the CEO and management, the Board may seek external advice from a recognised and competent source, including an evaluation against comparable peers.

### 10.4 Remuneration levels

The Board has a policy that executives, executive directors and non-executive directors should receive remuneration that is fair and reasonable in a competitive market for the skills, knowledge and experience required by the Group.

### 10.5 Non-executive Director Remuneration

Non-executive directors' remuneration is paid in the form of directors' fees. Additional fees are paid to the Chair to reflect the additional responsibilities of the position. The total fees available to be paid to directors are subject to shareholder approval. The CEO receives no additional compensation for serving as a director if so appointed.

The Company will meet the reasonable cost of directors' travel directly associated with attendance at Board and committee meetings, Board trips and Board business; Any costs associated with a director's attendance at functions where the director is representing the Company;

- Any travel costs directly associated with a director's spouse or partner's attendance at functions where their attendance is considered appropriate; and
- Any costs directly associated with the director's performance of his or her role.

## 10.6 Executive and Non-Executive remuneration

The Board recognises that it is desirable that executive remuneration should include an element dependent upon the performance of both the Group and the individual and should be clearly differentiated from non-executive director remuneration.

## 10.7 Retiring Director Remuneration

No special remuneration will be paid to a retiring director without the authority of an ordinary resolution of shareholders, except as permitted by the Listing Rules.

## 10.8 Annual Report

The remuneration policies of the Group and the remuneration received by directors will be disclosed in each annual report.

# 11 THE CHIEF EXECUTIVE OFFICER

## 11.1 Responsibilities of CEO

The CEO is the senior executive of the Group and is responsible for:

- a) formulating the vision for the Group;
- b) recommending policy and the strategic direction of the Group for approval by the Board;
- d) providing management of the day-to-day operations of the Group; and
- c) acting as the media spokesperson of the Group except in governance matters and strategic issues where the Chair will assume that responsibility.

## 11.2 No Appointment as Chair

The CEO is not eligible to be appointed as the Chair. A Chair may, however, assume the post of CEO concurrently on a temporary basis when the post of CEO is vacant, for a period not longer than six months. After the initial period of six months, if a CEO has not been appointed, the Board may extend the Chair's CEO post for another maximum period of six months.

## 11.3 Independence of the Board

The CEO undertakes to respect the independence of directors so as to permit the Board to challenge management decisions objectively and evaluate corporate performance.

## **11.4 Other Boards**

The CEO will not accept appointment to the board of other companies, except for family companies and directorships undertaken at the request of the Group where the Group has a significant interest, and in any event only after the written consent of the Board.

## **12 SHAREHOLDER PARTICIPATION AND MEDIA**

### **12.1 Constitution**

The rights of shareholders are referred to in the Constitution, which is available to all shareholders, in the Act and the NZX Listing Rules.

### **12.2 Board Accountable to Shareholders**

The Board is appointed by, and accountable to, shareholders.

### **12.3 Reports to Shareholders**

The Board values the opportunity to give comprehensive yet accessible interim and full year reports to shareholders and to meet with them annually.

### **12.4 Annual Meeting**

The Board recognises that the annual meeting is an important forum at which shareholders can meet with the Board and it encourages shareholders to use the forum to ask questions and make comments on the performance of the Group.

### **12.5 Directors Attendance**

In usual circumstances all directors will attend the annual meeting.

### **12.6 Questions from Shareholders**

The Board welcomes input from shareholders and encourages shareholders to submit questions in writing prior to the annual meeting so that an informed answer can be given at the meeting. The Board will ensure that the Group's external auditors are available for questioning by shareholders at the annual meeting.

### **12.7 Questions Remaining Unanswered**

Questions which remain unanswered or not fully answered at a meeting will be replied to in writing as soon as practicable after the meeting subject to the Group's confidentiality obligations to third parties.

### **12.8 Group website**

The Board recognises that maintaining an up-to-date website is an important way in which shareholders can readily access key information (including annual reports and Company announcements) about the Group.

### 12.9 Media Enquiries

If any director receives any enquiry relating to the Company, he or she should decline to comment and ask them to call the Chair or the CEO.

## 13 REPORTING AND DISCLOSURE

### 13.1 Annual Report

In addition to all information required by law, the Board acknowledges that the Group's annual report should include sufficient meaningful information to enable shareholders and stakeholders to be well informed on the affairs of the Group.

### 13.2 Financial Reports

The CEO and Chair, shall following a positive recommendation from the Chair of the Audit and Risk Management Committee, certify in the published financial reports of the Group that the reports comply with generally accepted accounting standards and present a true and fair view of the financial affairs of the Group.

### 13.3 Compliance and Continuous Disclosure

The Group Financial Controller shall be responsible for the Group's compliance with statutory disclosure requirements. The Board shall be responsible for the Group's compliance with NZX continuous disclosure requirements.

### 13.4 Code of Conduct

The Group's Code of Conduct should be published and available to all directors, staff and shareholders.

Document control
Approved: May 2021 Review date May 2022 Approver: Promisia Limited Board Document owner: Chief Executive Officer

## APPENDIX A: PROTOCOLS BETWEEN THE MAIN BOARD AND SUBSIDIARY BOARDS

To ensure the Group works toward the common goal of enhancing shareholder value the following protocols have been agreed between the Board of Directors of Promisia Healthcare Limited (the "Main Board") and the Board of Directors of Subsidiary Companies (the "Subsidiary Boards") .

The Subsidiary Boards will not and will not seek to, without the prior consent of the Main Board:

- a) **Negative Pledge:** create, allow to be created, or permit to exist any security interest over the whole or any part of the subsidiary's assets;
- b) **Disposal:** whether by a single transaction, or a number of related or unrelated transactions and whether at the same time or over a period of time, dispose of any asset other than that the Subsidiary Board may:
  - (i) **Inventory:** dispose of any inventory in the ordinary course of, and for the purpose of carrying on, the subsidiary's ordinary business and on arm's-length commercial terms;
  - (ii) **Money:** part with money in the ordinary course of, and for the purpose of carrying on, the subsidiary's ordinary business and on arm's-length commercial terms in accordance with the Group's core business;
  - (iii) **Assets:** renew or replace any of the subsidiary's assets (other than any motor vehicle) with other assets comparable as to type, value and quality, on the condition that, the Subsidiary does not create, allow to be created or permit to exist any purchase money security interest in any such equipment;
  - (iv) **Chattel Paper, Accounts Receivable and Other Monetary Obligations:** collect in and realise any chattel paper, accounts receivable and other monetary obligations owing to the Subsidiary;
  - (v) **Obsolete Assets:** dispose on arm's-length commercial terms of obsolete or surplus assets which are not required for the efficient operation of the business of the Group;
  - (vi) **Borrowed Money:** apply the proceeds of money borrowed or raised for the purposes for which it was borrowed or raised; and
  - (vii) **Intra-Guaranteeing Group:** dispose of any assets to another Subsidiary;
- c) **Make Loans etc.** make any loans, advances or other financial accommodation to, provide any financial assistance to, guarantee the liabilities of, or repay in whole or in part or otherwise assume any indebtedness of any person other than:
  - (i) to any Subsidiary; or
  - (ii) in the ordinary course of the Group's core business on arm's-length commercial terms;

- d) Indebtedness:** incur any Financial Indebtedness other than approved by Main Board;
- e) Transactions with Related Persons:**
- (i) dispose of any assets or provide any services to, or purchase any assets or accept any services from, or enter into any other transaction with, or for the benefit of, a Related Person other than a bona fide transaction for fair value on arms-length commercial terms;
  - (ii) make any loan or provide any other financial accommodation to any Related Person; or
  - (iii) enter into any guarantee in respect of an obligation of a Related Person;
- f) Change of Business:** whether at any one time or over a period of time, make any material change in the nature or scope of its business as presently conducted;
- g) Lending/Insurance Policy:** make any Material Adverse Change to any Lending Policy or the Insurance Policy other than as required by any applicable laws (including, without limitation, any prudential guidelines or other binding or mandatory rules or regulations published by any governmental agency);
- h) Distributions:** pay or make, or allow to be paid or made, any Distribution other than to another Subsidiary;
- i) Shares:**
- (i) acquire its own shares (unless it is required to do so by law), issue shares redeemable at the option of the holder of the shares or on a specified date, or exercise any option to redeem its shares;
  - (ii) alter, or allow to be altered, any term attaching to, or acquire or redeem, any of its own shares in a manner which would cancel or reduce the liability of any shareholder in relation to a share held in the Subsidiary prior to that alteration, acquisition or redemption (or consent to, or enter into, any arrangement which would have that effect); or
  - (iii) allow any of its assets to be applied directly or indirectly in connection with any of the foregoing;
- j) Uncalled Capital:** pass any resolution that any of its capital that has not been called up is not to be capable of being called up or become party to any agreement under which the liability of any of its shareholders in respect of any unpaid capital is released or reduced or any of its funds or property are applied or used in reduction of the shareholders' liability in respect of unpaid capital;
- k) Call Up Capital:** call up or allow to be called up or paid or receive in advance of calls any uncalled or unpaid capital, nor apply the same when paid to any purpose other than in or towards payment of the Outstanding Moneys;
- l) Change in Constitution:** make any change in its constitutive documents, other than a technical or administrative change;

- m) **Change Place of Incorporation:** change its jurisdiction of incorporation or place of domicile for taxation purposes or move its principal place of business outside New Zealand;
- n) **Amalgamation:** enter into any amalgamation, consolidation, merger, demerger, reconstruction or make any proposal to do any such things with any other company other than another Subsidiary (other than a solvent reconstruction, merger, consolidation or voluntary liquidation previously approved in writing by the Main Board);
- o) **Material Contracts:**
  - (i) terminate, amend, alter, vary, or agree to terminate, amend, alter or vary, or permit or enter into negotiations for the termination, alteration or variation of, any: Material Contract; or Loan Finance Document, except where such act is in the ordinary course of business in accordance with the Lending Policy;
  - (ii) agree to any sub-contract of any Material Contract;
  - (iii) assign or agree to any assignment of any right, obligation or property under any: Material Contract; or Loan Finance Document, except in relation to the Security; or
  - (iv) waive or release any obligation of any other party to a Material Contract; or Loan Finance Document, except where such waiver or release is in the ordinary course of business in accordance with the Lending Policy;
- p) **Major Transaction:** enter into any major transaction (within the meaning of section 129 of the Companies Act 1993, and as if "company" includes any entity); or
- q) **Derivative Products:** become a party to any Derivative Product where that obligation has been entered into by it other than exclusively for hedging (and not for speculative) purposes.

Where permitted to do so by the relevant Subsidiary constitution, and where not prohibited by law, directors of a Subsidiary Board may, when exercising powers or performing duties as a director, act in a manner which he or she believes is in the best interests of the Subsidiary's holding company (Promisia Healthcare Limited) even though it may not be in the best interests of the Subsidiary.