

SENIOR TRUST MANAGEMENT LIMITED

TRAINING POLICY

The knowledge, experience and skill of each Director and the Board, are important elements in the performance of Senior Trust Management Limited (**Senior Trust**) in meeting its MIS licensee obligations. It is important therefore that Directors have appropriate competencies to effectively fulfil their responsibilities.

Senior Trust has developed guidelines and processes to ensure that Directors understand, meet and maintain appropriate competency requirements. Each Director shall perform an annual self-assessment, prepare a development plan, and undertake any required training and development requirements in order to achieve these competencies. The self-assessments and plans will be subject to peer and board review

This policy is also applicable to employees of outsource entities to ensure they have the skills and competencies to undertake work on behalf of Senior Trust.

OBJECTIVES

The objectives of the policy are to:

- Define minimum competency requirements
- Establish time frames to attain competency levels
- Outline assessment criteria and requirements
- Outline training and personal development requirements
- Set out Board competency requirements.

MINIMUM COMPETENCY REQUIREMENTS AND TIME FRAMES

Outline required competencies, competency levels and time frames for the Directors and any applicable employees (herein collectively termed **Parties**) of outsource entities who undertake work on behalf of Senior Trust.

Competencies must include the core competencies outlined below and any specific skills required to undertake their role in accordance with regulations, Senior Trust policies in an effective and efficient manner.

DEVELOPMENT PROGRAMME

All Parties must construct and complete the following table:

Table 1: Required Competencies, Competency Levels and Time Frames

Competency	Development Plan incl Training Courses	Time Frames to Strengthen Competency Levels	Outcome
1. Compliance Oversight			
2. Board Performance and Composition			
3. Monitoring Outsource Entities Performance			
4. Governance and Ethics			
5. Leadership			
6. Regulatory Environment			
7. Risk Management Oversight			
8. Strategic Planning			
9. Industry Knowledge			
10. Financial Literacy and Audit			
11. Reporting and Disclosure			

All Parties shall complete a standard self-assessment in order to confirm their level of knowledge, skill and experience in each of the required competencies. The objectives of this self-assessment are to:

- to identify training or development needs for each Party in order to ensure that the appropriate competency level is continually strengthened
- determine the degree to which the Board, on an overall basis, meets the requirement.

Other competencies should be included in the table as required.

ASSESSMENT CRITERIA AND REQUIREMENTS

Self-assessment criteria for each of the required competencies should be undertaken by the Parties. An initial self-assessment should be conducted by each Party, each quarter. Results of the self-assessments for Directors will be reviewed on a quarterly basis at the full Board meeting. Self-assessments for employees of outsource entities will be reviewed by the relevant oversight committee.

Supporting documentation will be required to confirm completion of formal training courses. The courses must be provided by recognisable providers or institutions such as the 'Institute of Directors', 'FMA', 'INFINZ' etc.

It is expected that Senior Trust's Directors will attend at least 4 development courses, seminars, workshops or programs each year. Applicable employees of outsource entities will attend courses as determined by the Board, after recommendation by an oversight committee.

TRAINING AND PERSONAL DEVELOPMENT REQUIREMENTS

As part of the self-assessment process, each Party shall prepare a development plan, and undertake any required training/development in order to achieve these competencies within the timeframes established.

All Parties are expected to avail themselves of appropriate training courses, where necessary, at the earliest opportunity to fulfil competency requirements. An annual training budget will be set to provide for the requisite training needs.

Expenses for all planned training and development courses must be pre-approved by the Board. Expenses will be reimbursed in accordance with established policy limits and criteria.

BOARD COMPETENCY REQUIREMENTS

Monitoring Director competencies ensures that competency levels are attained within the established time frames. It also helps ensure that the Board continues to have a broad range of understanding and skills among its Directors to ensure it can meet its obligations as a MIS licensee. Directors should ensure that any changes in competency levels are fully identified and reflect additional knowledge, experience and training. Changes in competency levels should be documented and supported by appropriate evidence as required.

Competency assessments will be conducted on an annual basis to confirm and update the competency levels attained by each Director and to record any changes in additional skills. An outside agency may be engaged to assist with this review. These assessments will also help identify additional training or self-development programs to help Directors maximize their overall

knowledge and skill levels to meet competency requirements, and to attain additional skills as may be appropriate

BOARD RESPONSIBILITIES

The Board is responsible for:

- Approving Director competency requirements and competency levels
- Confirming Director competency requirements are met
- Approving policy changes
- Recommending self-assessment criteria
- Reviewing and confirming self-assessment results
- Approving training and development plans and Budgets
- Monitoring Director and Board competency requirements.

REVIEW AND APPROVAL

This policy is subject to annual review and approval by the Board.

Board Approval of Policy

Version 1 approved 06/12/2016

Version 2 approved 26/1/2018

APPENDIX 1: DIRECTOR COMPETENCY DESCRIPTIONS

The required competencies are outlined below:

1. AUDIT AND COMPLIANCE

Directors must have an understanding of the risks facing Senior Trust, the ways in which the Board, and if applicable, an outsource entity addresses and mitigates those risks and ensure that the financial statements accurately reflect the activities of Senior Trust. These functions are assessed through the activities which are carried out by a combination of oversight committees, compliance assurance programs and external auditors which involves systematically reviewing key risks and ensuring that any identified weaknesses or deviations from Senior Trust policy and regulatory requirements are rectified.

To achieve this competency, Directors should continually strengthen their knowledge and understanding of monitoring and auditing processes, risk management, compliance assurance, regulatory environment and Senior Trusts policies, procedures and processes.

2. BOARD PERFORMANCE

The Board is required to conduct an assessment of its' performance. The Board is ultimately responsible for the success and viability of Senior Trust through the skills and capabilities of its Directors. It supervises the affairs of Senior Trust through its oversight responsibilities and appoints an outsource entity to manage specified day to day operations, as per a Management Services Agreement. An objective evaluation and assessment of the Board are important requirements to ensure that responsibilities are effectively undertaken and that any deficiencies are appropriately and quickly identified and addressed.

To achieve this competency, Directors should demonstrate a willingness to continually undertake professional development in order to have the appropriate level of knowledge and expertise.

3. MONITORING OUTSOURCE ENTITIES' PERFORMANCE

The Board is required to assess the performance of any contracted outsource entities. The Board is ultimately responsible for operations and practices of Senior Trust and must be able to

adequately appraise if there are any deficiencies within the services provided by an outsource entity. The Board through oversight committees reviews the processes and outputs of the outsource entity. An objective evaluation and assessment of the entities performance is required to ensure that any deficiencies are appropriately and quickly identified and addressed.

To achieve this competency, Directors should demonstrate an appropriate level of knowledge and understanding of the tools and methodologies for monitoring, reviewing internal controls and risk management. It is also important that Directors have a good understanding of the business of Senior Trust, industry and regulatory environment nature. The way any outsource entity functions and the financial, human and technological resources the outsource entity uses in delivering its services.

4. GOVERNANCE AND ETHICS

Governance includes understanding and contributing to the development and articulation of strategic plans, goals, policies and processes which govern and guide the way Senior Trust is directed and managed. Directors are expected to provide prudent, independent and objective oversight to effectively guide and monitor the implementation of strategic initiatives, oversee risk management activities and to participate with the Board as a whole in communicating a cohesive approach and position.

Effective corporate governance is an essential element in ensuring the obligations as a MIS licensee are met. Structures, policies and processes only work in practice where there are knowledgeable and competent individuals, with a clear understanding and strong commitment to their roles.

Ethical actions are those that are made in accordance with established laws, rules, and organizational values that are supported by reasoned and objective evidence without any bias of self-interest. Directors are expected to perform their responsibilities in a prudent and objective manner with due regard to the best interests of its stakeholders.

To achieve this competency, Directors should demonstrate an appropriate level of knowledge and understanding of the critical elements of good governance and ethics.

5. LEADERSHIP

Leadership encompasses the ability to influence discussions while building consensual solutions. Effective leaders recognize the importance of all participants in deliberations and the importance of constructive discussion and debate. Leaders are effective communicators. Leadership involves approaching initiatives from a strategic perspective, championing new initiatives and

working towards their achievement to deliver quality services to the members and improve the longer-term viability of Senior Trust.

To achieve this competency, Directors should demonstrate an appropriate level of knowledge and understanding of the attributes of leadership to motivate, influence and support others to accomplish Senior Trusts goals and encouraging on-going education to further develop competencies.

6. REGULATORY ENVIRONMENT

Senior Trust operates in a highly regulated environment and are governed by the FMC Act, NZX Regulations, other legislations and its policies and procedures. It is important that Senior Trust meets all its regulatory obligations.

To achieve this competency, Directors should continually strengthen their level of knowledge and understanding of the regulatory environment, policy development and the policies required to meet legal, regulatory and governance requirements.

7. RISK MANAGEMENT OVERSIGHT

The Board is responsible for the oversight of the Senior Trusts risk management practices. Risk management involves identifying, measuring and managing significant risks and events that may impact an organization's objectives. It encompasses policies, procedures and controls and how risks are managed.

To achieve this competency, Directors should demonstrate an appropriate level of knowledge and understanding of the risk management framework for identifying, measuring and managing significant risks and events.

8. STRATEGIC PLANNING

Strategic planning is part of a regular process that helps determine or confirm Senior Trusts overall longer-term direction or vision. It includes an analysis of results, existing plans and strategies and an assessment of the current business and operating environment. Strategic planning initiates the annual business planning process. Directors are expected to contribute to

strategic planning by understanding the strategic planning process and strategy formulation. This includes having a good knowledge of the Senior Trusts business and operating environment, and being prepared for planning deliberations. It also requires collaboration and teamwork in developing an appropriate and effective strategic plan, and monitoring implementation of the plan.

To achieve this competency, Directors should demonstrate an appropriate level of knowledge and understanding of the strategic planning process and contribute to the development of the strategic direction, core values and the strategic goals and objectives for Senior Trust.

9. INDUSTRY KNOWLEDGE

Industry knowledge involves understanding the regulatory framework, commercial attributes, latest developments, best practice techniques, understanding of the financial reports and statements of a retirement village. Directors needs to have a perspective of the "big picture" in the industry, and not just an understanding of a portion of the issues related to the industry in question. Understanding the major trends within the industry is an important factor.

To achieve this competency, Directors should continually build on their industry knowledge through attendance at Retirement Village Association training courses and conferences and through interaction with operators and inspection of villages

10. FINANCIAL LITERACY

Financial literacy involves understanding financial reports and statements, accounting standards and assumptions and legislative requirements in order to effectively oversee the financial performance and condition of Senior Trust.

To achieve this competency, Directors should demonstrate an appropriate level of financial knowledge and understanding and can interpret financial reports and statements, and monitor corrective action to ensure financial goals and regulatory requirements are met.

APPENDIX 2: CORE COMPETENCY LEVEL DESCRIPTIONS

A description of typical competency levels that Senior Trust will consider when determining the competency of Directors in each of the required competencies is outlined below.

Competency Level	Description (Experience/Qualifications)
Basic (B)	<ul style="list-style-type: none"> • Some knowledge of the competency • Understands terminology and can identify skills and attributes associated with the competency
Good (G)	<ul style="list-style-type: none"> • Good understanding of the fundamentals of the competency gained through an appropriate combination of education, working knowledge, previous board experience and completion of introductory Director training • Sufficient knowledge and experience to apply concepts to less complex issues
Strong (S)	<ul style="list-style-type: none"> • Significant understanding and expertise of the competency gained through an appropriate combination of education, practical work experience, previous board experience and completion of advanced Director training • Participates fully in board analysis, discussion and debate on more complex issues • Ensures sufficient information is provided to support analysis and recommendations • Uses knowledge to mentor new or other Directors and employees of outsource entities and provide greater understanding of competency • Challenges assumptions when needed and speaks out appropriately at board meetings • Makes significant contributions to long-range planning
Expert (E)	<ul style="list-style-type: none"> • Expert understanding of the competency gained through an appropriate combination of direct practical working experience in a senior position or function, previous board experience, professional designation, qualification or degree in the subject matter and completion and accreditation of a Director training program • Participates fully in board analysis, discussion and debate on more complex issues • Ensures sufficient information is provided to support analysis and recommendations • Uses knowledge to mentor new or other Directors and employees of outsource entities and provide greater understanding of competency • Interprets complex data to contribute new knowledge in the competency areas • Provides expert analysis and advice on complex issues • Challenges management's assumptions when needed and speaks out appropriately at board meetings • Makes significant contributions to long-range planning

APPENDIX 3: BOARD COMPETENCIES AND SKILLS MATRIX

Director competency levels and skills will be tracked using the following format.

Core Competencies	Director Name	Director Name	Director Name
1. Compliance Oversight			
2. Board Performance			
3. Monitoring Outsource Entities Performance			
4. Governance and Ethics			
5. Leadership			
6. Regulatory Environment			
7. Risk Management Oversight			
8. Strategic Planning			
9. Industry Knowledge			
10. Financial Literacy			
<i>Other competencies/Skills</i>			
Information Technology			
Marketing			
Legal			
Human Resources			