

# CORPORATE GOVERNANCE STATEMENT

Oceania Healthcare Limited (“**Oceania Healthcare**”) is committed to maintaining the highest standards of governance by implementing best practice structures and policies. This Corporate Governance Statement sets out the corporate governance policies, practices and processes adopted or followed by Oceania Healthcare (including the guiding principles, authority, responsibilities, membership and operation of the Board of Directors of Oceania Healthcare) as at 31 May 2020 and has been approved by the Board.

The best practice principles (and underlying recommendations) which Oceania Healthcare has had regard to in determining its governance approach are the principles set out in the latest edition of the NZX Corporate Governance Code (“**NZX Code**”). Oceania Healthcare considers that it has followed the recommendations in the NZX Code in all respects during FY2020.

Although the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (“**ASX Principles**”) do not apply to Oceania Healthcare (as it is a Foreign Exempt Entity), the ASX Principles continue to inform Oceania Healthcare’s approach to governance.

The NZX Listing Rules require Oceania Healthcare to report against the NZX Code. This Corporate Governance Statement follows the structure of the NZX Code.

Oceania Healthcare’s constitution, the Board and Board committee charters, and codes and policies referred to in this document are available to view on the governance section of Oceania Healthcare’s website - [www.oceaniahealthcare.co.nz/investor-centre/governance](http://www.oceaniahealthcare.co.nz/investor-centre/governance) (“**Website**”).

## PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

***Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.***

Oceania Healthcare expects its Directors, senior managers and employees to maintain the highest standards of honesty, integrity and ethical conduct in day to day behaviour and decision making.

The Board has adopted a Code of Values and Conduct, a Whistleblowing Policy and a Trading in Company Securities Policy, all of which are available on the Website.

### Code of Values and Conduct and Related Policies

***Recommendation 1.1:*** *The Board should document minimum standards of ethical behaviour to which the issuer’s Directors and employees are expected to adhere (a code of ethics) and comply with the other requirements of Recommendation 1.1 of the NZX Code.*

The Code of Values and Conduct applies to all of Oceania Healthcare’s Directors, employees, contractors and consultants and outlines Oceania Healthcare’s expectations about behaviour (including the specific expectations prescribed in the NZX Code), as well as the procedure for any breach of the NZX Code. Every new Director, employee, contractor and consultant is required to read and understand the Code of Values and Conduct as part of the induction



process and acknowledge that they have done so. The Code of Values and Conduct was reviewed and updated by the Board on 21 May 2020.

### **Trading in Company Securities Policy**

**Recommendation 1.2:** *An issuer should have a financial product dealing policy which applies to employees and Directors.*

The Trading in Company Securities Policy sets out Oceania Healthcare's requirements for all Directors and employees in relation to trading Oceania Healthcare's shares. The policy incorporates trading restraints. Directors and senior managers are restricted from trading in shares during "black out" periods around the balance date and the half year balance date, and proposed transactions by Directors or senior managers at any other time require approval. The policy also provides that no Directors or employees can trade shares if they are in possession of price sensitive information that is not publicly available.

Company-wide internal training is provided to employees on the key themes of the policy and its application. The communication to staff of the commencement and conclusion of the blackout periods also provides a further reminder of the policy.

## **PRINCIPLE 2 – BOARD COMPOSITION AND PERFORMANCE**

***To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.***

The Board is comprised of six Directors with a mix of qualifications, skills and experience appropriate to Oceania Healthcare's business. The Chair of the Board is elected by the Board each year. The Board schedules a minimum of nine meetings each year.

Members of the Board have a diverse range of relevant skills including corporate governance, finance, risk management, property development, health and safety and clinical expertise.

### **Board Charter**

**Recommendation 2.1:** *The Board of an issuer should operate under a written charter which sets out the roles and responsibilities of the Board. The Board Charter should clearly distinguish and disclose the respective roles and responsibilities of the Board and management.*

The Board has adopted a formal Board Charter which sets out the respective roles, responsibilities, composition and structure of the Board and senior management, and this is available on the Website. The Board is responsible for the strategic direction of Oceania Healthcare and for supervising the management of the business for the benefit of its shareholders. Responsibility for the day to day management of Oceania Healthcare has been delegated to the Chief Executive Officer and the Senior Management Team. The General Counsel & Company Secretary provides company secretarial services to the Board. The General Counsel & Company Secretary is accountable to the Board through the Chair.

### **Nomination and Appointment of Directors**

**Recommendations 2.2 and 2.3:** *Every issuer should have a procedure for the nomination and appointment of Directors to the Board. An issuer should enter into written agreements with each newly appointed Director establishing the terms of their appointment.*



The Board is responsible for succession planning. The procedure for the nomination and appointment of Directors is included in the Board Charter. When considering the appointment of a new Director, the Board will consider the skills of the existing Board and any gaps and the Board will undertake appropriate checks as to the candidate's character and experience. Where Oceania Healthcare determines that a person is an appropriate candidate, shareholders are notified of that and are provided with all material information in Oceania Healthcare's possession that is relevant to their decision on whether or not to elect or re-elect a Director. All new Directors enter into a written agreement with Oceania Healthcare setting out the terms of their appointment.

## Director Particulars

**Recommendation 2.4:** *Every issuer should disclose information about each Director in its Annual Report or on its website, including a profile of experience, length of service, independence and ownership interests and Director attendance at Board meetings.*

A biography of each Director is available on the Website in accordance with this recommendation. Details of each Director's independence and ownership interests are included in the most recent Annual Report, which is available on the Website.

### Attendance at Board and Committee Meetings for the Year Ended 31 May 2020:

	Board	Audit	Remuneration	Clinical and Health & Safety	Development
Elizabeth Coutts	10	8	3	3	2
Alan Isaac	10	8	3		
Dame Kerry Prendergast	10			3	
Sally Evans	10	3 <sup>2</sup>	3	2	
Patrick McCawe	10	4 <sup>2</sup>			
Hugh FitzSimons <sup>1</sup>	7				
Gregory Tomlinson	9				2
Total Meetings Held	10	8	3	3	2

In addition to the scheduled Board and committee meetings described above, the Board and committees held (in aggregate) an additional seven formal meetings in person or by way of conference calls during the year ended 31 May 2020, including weekly Board meetings during the COVID-19 Government Alert Levels Three and Four.

Note 1: Hugh FitzSimons resigned from the Board with effect from 3 February 2020.

Note 2: With effect from 28 November 2019, Sally Evans resigned from the Audit Committee and Patrick McCawe was appointed as a member of the Audit Committee.



## Diversity

**Recommendation 2.5:** *An issuer should have a written Diversity Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it.*

Oceania Healthcare has a Diversity Policy which aims to ensure that Oceania Healthcare has a focus on diversity throughout the organisation. This recognises that a diverse work force (including at Board and management levels) contributes to business growth and performance, helping to drive an inclusive, high performance environment.

The Diversity Policy establishes the following measurable objectives for achieving diversity:

- Facilitating and promoting equal employment opportunities at all levels including assessment of diversity of skills, experience, values, culture and gender wherever possible from the available candidates.
- Promoting a merit based environment in which employees have the opportunity to develop and perform to their full potential in alignment with Oceania Healthcare's commitment to the ongoing training and wellbeing of its employees.
- Ensuring employees are treated fairly, evaluated objectively and promoted on the basis of their performance.

The Diversity Policy also sets out requirements for the Board to assess its progress in achieving the objectives and the objectives themselves. The Diversity Policy is available on the Website. Details of the gender breakdown of the Directors, officers and employees is set out in the most recent Annual Report, which is available on the Website.

## Director Training

**Recommendation 2.6:** *Directors should undertake appropriate training to remain current on how to best perform their duties as Directors of an issuer.*

The Board ensures that there is appropriate training for all Directors enabling them to remain current on how to best discharge their responsibilities and keep abreast of changes and trends in economic, political, social, financial and legal climates and governance practices. The Board also ensures that new Directors are appropriately introduced to management and the business, that all Directors are acquainted with relevant industry knowledge and receive copies of all appropriate company documents to enable them to perform their role.

## Evaluation of Performance of Directors

**Recommendation 2.7:** *The Board should have a procedure to regularly assess Director, Board and committee performance.*

The Chair of the Board leads an annual performance review and evaluation of the Board as a whole, and of the Board committees, against the Board Charter including seeking Directors' views relating to Board and Board committee process, efficiency and effectiveness, for discussion by the full Board. The Chair of the Board also engages with individual Directors to evaluate and discuss performance and professional development.



## Director Independence

**Recommendations 2.8 and 2.9:** *A majority of the Board should be independent Directors. An issuer should have an independent Chair of the Board. If the Chair is not independent, the Chair and the CEO should be different people.*

The Board currently comprises six Directors. All of the Directors are non-executive Directors. The Board has considered which of the Directors are independent Directors for the purposes of the NZX Listing Rules and has determined that, as at 31 May 2020, all six Directors are independent Directors, including the Chair and the Chair of the Audit Committee.

The Board Charter requires the Board Chair to be an independent Director, and not be the same person as the Chief Executive Officer (“CEO”) or the Chair of the Audit Committee.

## PRINCIPLE 3 – BOARD COMMITTEES

**The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.**

The Board has four standing committees to assist in the execution of the Board’s duties, being the Audit Committee, the Remuneration Committee, the Clinical and Health and Safety Committee and the Development Committee.

**Recommendation 3.5:** *All committees should operate under written charters. An issuer should identify the members of each of its committees, and periodically report member attendance.*

Each committee operates under a charter which is available on the Website. Committee members are appointed from members of the Board and membership is reviewed on an annual basis. The membership of each committee, and the attendance record at committee meetings, during the year ended 31 May 2020 is recorded in the table of attendance in Principle 2 above under the heading *Director Particulars*. Any recommendations made by committees are submitted to the full Board as recommendations for Board decision.

## Audit Committee

**Recommendation 3.1:** *An issuer’s Audit Committee should operate under a written charter. Membership on the Audit Committee should be majority independent and comprise solely of non-executive Directors of the issuer. The chair of the Audit Committee should be an independent Director and not the Chair of the Board.*

As at 31 May 2020, the Audit Committee comprises Alan Isaac (Chair), Elizabeth Coutts and Patrick McCawe. Sally Evans was a member of the Audit Committee until 28 November 2019. The Audit Committee met eight times during the year ended 31 May 2020. The Audit Committee assists the Board in providing oversight of all matters relating to financial management and controls, financial accounting, audit and the external reporting requirements of Oceania Healthcare and its subsidiary companies. The Audit Committee operates under the Audit Committee Charter, which is reviewed annually.

**Recommendation 3.2:** *Employees should only attend Audit Committee meetings at the invitation of the Audit Committee.*

The Chief Executive Officer, Chief Financial Officer, Financial Controller and the General Counsel & Company Secretary attend Audit Committee meetings at the invitation of the Audit Committee. Oceania Healthcare’s external auditor attends all meetings. The Audit Committee



also meets and receives regular reports from the external auditor without management present, concerning any matters that arise in connection with the performance of its role.

### **Remuneration Committee**

**Recommendation 3.3:** *An issuer should have a Remuneration Committee which operates under a written charter (unless this is carried out by the whole Board). At least a majority of the Remuneration Committee should be independent Directors. Management should only attend Remuneration Committee meetings at the invitation of the Remuneration Committee.*

The Remuneration Committee comprises Sally Evans (Chair), Elizabeth Coutts and Alan Isaac and met three times during the year ended 31 May 2020. The Remuneration Committee assists the Board in the discharge of its responsibilities and oversight relative to the remuneration and performance of the Chief Executive Officer and the Senior Management Team, remuneration of Directors and human resources structures, policy, procedures, practices and strategy. The Remuneration Committee operates under the Remuneration Committee Charter, which is reviewed annually.

Management only attend Remuneration Committee meetings at the invitation of the Remuneration Committee.

### **Nomination Committee**

**Recommendation 3.4:** *An issuer should establish a Nomination Committee to recommend Director appointments to the Board (unless this is carried out by the whole Board), which should operate under a written charter. At least a majority of the Nomination Committee should be independent Directors.*

The Board has decided not to have a separate Nomination Committee as Director appointments are considered by the Board as a whole. The procedure for the nomination and appointment of Directors is included in the Board Charter, and summarised in Principle 2 above (under the heading *Nomination and Appointment of Directors*).

### **Clinical and Health and Safety Committee**

**Recommendation 3.5:** *An issuer should consider whether it is appropriate to have any other Board committees as standing Board committees. All committees should operate under written charters.*

The Clinical and Health and Safety Committee comprises Dame Kerry Prendergast (Chair), Elizabeth Coutts and Sally Evans and met three times during the year ended 31 May 2020.

The Clinical and Health and Safety Committee reviews clinical risks, health and safety policy and risks arising from Oceania Healthcare's physical operations, and any other matters that may affect Oceania Healthcare's reputation outside of the financial risks that are specifically addressed within the Audit Committee. The Clinical and Health and Safety Committee operates under the Clinical and Health and Safety Committee Charter, which is reviewed annually.

The Chief Executive Officer, the General Manager Nursing and Clinical Strategy, the National Health and Safety Manager and the General Counsel & Company Secretary have standing invitations to attend these meetings.



## Development Committee

**Recommendation 3.5:** *An issuer should consider whether it is appropriate to have any other Board committees as standing Board committees. All committees should operate under written charters.*

The Development Committee comprises Gregory Tomlinson (Chair) and Elizabeth Coutts and held two formal meetings during the year ended 31 May 2020.

The Development Committee provides advice to the Board on property acquisitions and developments (including planning and development processes), supports management to develop and implement development and construction strategies and maintains risk management strategies to manage development and construction risks. The Development Committee operates under the Development Committee Charter, which is reviewed annually.

The Chief Executive Officer, the General Manager Property and the General Counsel & Company Secretary have standing invitations to attend these meetings.

## Takeover Protocols

**Recommendation 3.6:** *The Board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer and comply with the other requirements of Recommendation 3.6 of the NZX Code.*

Oceania Healthcare has a Takeover Response Policy that sets out the procedure to be followed if a takeover offer is made or a scheme of arrangement is proposed. The policy covers all of the matters in Recommendation 3.6 of the NZX Code.

## PRINCIPLE 4: REPORTING AND DISCLOSURE

**The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.**

The Board is committed to providing timely, orderly, consistent, accurate and credible information to the market to promote investor confidence.

## Continuous Disclosure

**Recommendation 4.1:** *An issuer's Board should have a written Continuous Disclosure Policy.*

Information received by Oceania Healthcare is considered in the context of Oceania Healthcare's obligations as a listed company with regard to continuous disclosure of material information. Oceania Healthcare has established a Market Disclosure Policy to ensure compliance with the continuous disclosure requirements of the NZX Listing Rules and the ASX Listing Rules. The Market Disclosure Policy is available on the Website. In addition, at each Board meeting (or otherwise as required), the Board considers whether there is material information that is required to be disclosed to the market.

## Charters and Policies

**Recommendation 4.2:** *An issuer should make its code of ethics, Board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.*



Information about Oceania Healthcare's corporate governance framework (including the Code of Values and Conduct, Board and Board committee charters, and other key governance codes and policies) are available to view on the Website.

## Financial Reporting

**Recommendation 4.3:** *Financial reporting should be balanced, clear and objective.*

The Audit Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements, and ensuring that financial reporting is balanced, clear and objective. It reviews annual and half year financial statements and makes recommendations to the Board concerning the application of accounting policies and practice, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

Management accountability for Oceania Healthcare's financial reporting is reinforced by the written certification from the Chief Executive Officer and Chief Financial Officer that, in their opinion, financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Oceania Healthcare. Such representations are given on the basis of a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risk.

## Non-Financial Reporting

**Recommendation 4.3:** *An issuer should provide non-financial disclosure at least annually, including considering environmental, economic and social sustainability factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward looking assessments, and align with key strategies and metrics monitored by the Board.*

Oceania Healthcare provides non-financial disclosure on matters including operational and clinical performance, risk management, health and safety and diversity in its Annual Report.

The Board and management consider the sustainability of Oceania Healthcare's buildings, particularly for new developments. New buildings include more insulation than is required, double glazing, water efficiency fittings, the use of energy efficient lighting and energy star rated appliances. Oceania Healthcare has designed new developments (including Meadowbank Stages Three, Four and Five, The Sands, The BayView, Green Gables and The Bellevue) in order to meet the 6 Homestar Built certification standards.

In the year ended 31 May 2020, Oceania Healthcare made progress on its journey towards preparing its Annual Report using the integrated reporting framework. Oceania Healthcare recognises that value extends beyond purely financial performance and that it includes other dimensions, such as social and environmental performance that are important to Oceania Healthcare and its stakeholders. During the year, management met with a number of stakeholders to discuss what they consider are the most material matters affecting the business. A materiality matrix summarising these matters is included in the Annual Report, as is Oceania Healthcare's sustainability framework. Management have also started to measure Oceania Healthcare's carbon footprint and used EKOS to independently audit this calculation. Management will continue to develop the carbon reduction strategy and report progress against this going forward.



## PRINCIPLE 5 – REMUNERATION

***The remuneration of Directors and executives should be transparent, fair and reasonable.***

### Directors' Remuneration

***Recommendation 5.1:*** *An issuer should recommend Director remuneration to shareholders for approval in a transparent manner. Actual Director remuneration should be clearly disclosed in the issuer's Annual Report.*

Directors' remuneration is paid in the form of fees. A higher level of fees is paid to the Chair to reflect the additional time and responsibilities that this position involves. Additional fees are payable in respect of work carried out by the Chair of the Board committees.

Where required in the future, the Board will ensure that recommendations to shareholders regarding approval of Director remuneration is provided in a transparent manner.

### Approved Director Remuneration:

	Position	Fees (per annum)
Board of Directors	Chair	\$180,000
	Member	\$90,000
Audit Committee	Chair	\$20,000
Clinical and Health and Safety Committee	Chair	\$15,000
Remuneration Committee	Chair	\$7,500

No additional fees will apply for Directors as members of Board committees or for the Chair of the Development Committee for the financial year ended 31 May 2021.

The maximum aggregate amount of remuneration payable by Oceania Healthcare to its Directors for fees and Board committee responsibilities was fixed at \$582,500 per annum in the Product Disclosure Statement dated 31 March 2017 when there were five Directors.

The subsequent appointment of two additional Directors (Sally Evans and Gregory Tomlinson) on 23 March 2018 resulted in the Directors increasing the total Director remuneration pool in compliance with NZX Listing Rule 2.11.3 by an amount necessary to enable Oceania Healthcare to pay fees to the seven appointed Directors. This resulted in the Director remuneration pool being increased to \$762,500 on 23 March 2018, inclusive of additional remuneration for committee Chairs. The Director remuneration pool has since decreased with effect from 3 February 2020 to reflect the resignation of Hugh FitzSimons resulting in the Director remuneration pool being \$672,500 for six Directors, inclusive of additional remuneration for committee Chairs.

In addition to the total remuneration and value of other benefits disclosed in the table above, all Directors are entitled to an annual expense allowance of \$2,000 each for communication and personal administration costs, and are also entitled to be reimbursed for reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings, or otherwise in connection with Oceania Healthcare business.

For more information on Directors' fees paid during the most recent financial year, please refer to the most recent Annual Report, which is available on the Website.

### Remuneration Policy

***Recommendation 5.2:*** *An issuer should have a Remuneration Policy for remuneration of Directors and officers, which outlines the relative weightings of remuneration components and relevant performance criteria.*



Oceania Healthcare has adopted a Remuneration Policy which sets out the remuneration principles that apply to all Directors and senior managers of Oceania Healthcare to ensure that remuneration practices are fair and appropriate, and that there is a clear link between remuneration and performance. Oceania Healthcare is committed to applying fair and equitable remuneration and reward practices in the workplace, taking into account internal and external relativity, the commercial environment, the ability to achieve Oceania Healthcare's business objectives and the creation of shareholder value. Under Oceania Healthcare's remuneration framework, individual performance and market relativity are key considerations in all remuneration based decisions, balanced by the organisational context. Remuneration for senior managers includes a mix of fixed and variable components and relevant performance criteria (as further summarised below). A copy of the Remuneration Policy is available on the Website.

## CEO's Remuneration

**Recommendation 5.3:** *An issuer should disclose the remuneration arrangements in place for the CEO in its Annual Report. This should include disclosure of the base salary, short term incentives and long term incentives and the performance criteria used to determine performance based payments.*

Details of the remuneration arrangements for the CEO are set out in the most recent Annual Report, which is available on the Website.

## Senior Managers

Oceania Healthcare's senior managers are appointed by the CEO and their key performance indicators contain specific financial and other objectives. These KPIs are reviewed annually by the CEO and the Remuneration Committee, which makes recommendations to the Board for approval. The performance of the senior managers against these KPIs is evaluated annually.

## Short Term Incentive Payments

Short term incentive ("STI") payments are at risk payments designed to motivate and reward for performance, typically in that financial year. The value of a STI payment is set as a percentage of the employee's base salary. The goals for all employees who are entitled to a STI payment are set based on financial, people (including health and safety), customer satisfaction, clinical, sales and other personal targets.

The Board approves the STI payments to be made to senior managers at the end of each financial year, and approves the senior manager targets for the following financial year.

## Long Term Incentive Scheme

Certain Oceania Healthcare senior managers were invited to participate in a Long Term Incentive Plan which was established concurrent with the IPO ("**2017 LTIP Scheme**"). The senior managers were each provided with an interest free loan by Oceania Healthcare which was applied to acquiring the shares. The amount of the loan for each senior manager was determined at the Board's discretion. There were 3,164,557 shares issued under the 2017 LTIP Scheme on 4 May 2017 and these are held by OCA Employees Trustee Limited ("**Trustee**") on behalf of the participants. As at 31 May 2019, the aggregate value of all outstanding loans made by Oceania Healthcare to the senior managers under the 2017 LTIP Scheme was \$2,500,000.

Generally, the shares under the 2017 LTIP Scheme were eligible to vest if, at the vesting date (which is the business day after release of the financial statements for the year ended 31 May 2020), the participant remained employed by Oceania Healthcare and the performance hurdles



were achieved. The performance hurdles required Oceania Healthcare's performance to meet, or exceed, an underlying Earnings per Share Compound Annual Growth Rate ("EPS CAGR") of 35% per annum or greater, over the three year period to 31 May 2020. In calculating the underlying EPS CAGR, 2017 LTIP Scheme enabled the Board to make pro forma adjustments to the FY2020 underlying EPS depending on the timing of delivery of key development projects. The Board could also adjust for the impact of items including significant one off gains or losses, acquisitions or divestments and changes to accounting policy.

Oceania Healthcare did not achieve the 35% EPS CAGR performance hurdle over the three year period prior to 31 May 2020. As a result, the shares under the 2017 LTIP Scheme will not vest and the Board intends exercising call notices on 24 July 2020 which will result in all shares issued to eligible participants under the 2017 LTIP Scheme being forfeited and transferred to the Trustee together with all corresponding outstanding loan balances.

### **Employee Share Scheme**

In the year ending 31 May 2020, an employee share scheme was offered to all permanent employees as at 1 August 2019. Each such employee was invited to participate in the scheme and those who participated received an allocation of \$800 per annum (for full time employees) or \$400 per annum (for part time employees) of Oceania Healthcare shares at no cost. Under the scheme, the shares are held in trust and, in general, only transfer into the employee's name if the employee remains employed by Oceania Healthcare (or any of its subsidiaries) for three years.

It is intended that the employee share scheme will be offered again to all permanent employees as at 1 August 2020.

## **PRINCIPLE 6 – RISK MANAGEMENT**

***Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.***

### **Risk Management**

***Recommendation 6.1:*** *An issuer should have a risk management framework for its business and the issuer's Board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed.*

The Board is responsible for Oceania Healthcare's risk management and internal control. The Board monitors policies and processes that identify significant business risks and implements procedures to monitor these risks.

The CEO and senior managers regularly identify the major risks affecting the business in an organisational Risk Matrix, and develop strategies to mitigate these risks. All significant risks are reported to the Board monthly and are discussed at Board meetings. The Board conducts a "deep dive" into a material risk at each Board meeting. Oceania Healthcare maintains insurance policies that it considers adequate to meet insurable risks.

### **Health and Safety**

***Recommendation 6.2:*** *An issuer should disclose how it manages its health and safety risks and should report on its health and safety risks, performance and management.*



Oceania Healthcare employs a National Health and Safety Manager and has a Clinical and Health and Safety Committee to assist the Board in meeting its responsibilities under the Health and Safety at Work Act 2015. In particular, the Committee is responsible for ensuring that Health and Safety has appropriate focus within Oceania Healthcare by regularly engaging in assurance processes around risk assessment and mitigation, safety systems, staff capability, staff competency, safety leadership and business safety culture.

Monthly Health and Safety reports are a priority agenda item at all Board meetings and specific reviews are made into health and safety incidents, injury rates by severity, local site health and safety committee meetings, the number of employees working over 110 hours per fortnight, sick leave and key Health and Safety initiatives undertaken. Oceania Healthcare has developed a health and safety risk matrix to identify specific risks, assess their severity and likelihood, document mitigation strategies and determine the level of residual risk. This matrix is reviewed annually by the Board and annual health and safety objectives and KPIs are set for the business based on the significant risks identified.

## **PRINCIPLE 7 – AUDITORS**

***The Board should ensure the quality and independence of the external audit process.***

### **Relationship with Auditor**

***Recommendations 7.1 and 7.2:*** *The Board should establish a framework for the issuer's relationship with its external auditor, and comply with the other requirements of Recommendation 7.1 of the NZX Code. This should include the procedures prescribed in the NZX Code. The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit.*

The Audit Committee is responsible for the oversight of Oceania Healthcare's external audit arrangements. It is committed to ensuring that Oceania Healthcare's external auditor is able to carry out its work independently so that financial reporting is highly reliable and credible. Oceania Healthcare has an External Auditor Independence Policy, which is available on the Website. The External Auditor Independence Policy implements the procedures set out in Recommendation 7.1 of the NZX Code.

The policy sets out the work that the external auditor is required to do and specifies the services that the external auditor is not permitted to do, so that the ability of the auditor to carry out its work is not impaired and could not reasonably be perceived to be impaired. All non-audit work that the external auditor performs must be approved by the Chair of the Audit Committee.

Oceania Healthcare's external auditor is PricewaterhouseCoopers. PricewaterhouseCoopers has been invited to attend this year's Annual Meeting and will be available to answer questions about the audit process, Oceania Healthcare's accounting policies and the independence of the auditor.

### **Internal Audit Functions**

***Recommendation 7.3:*** *Internal audit functions should be disclosed.*

Oceania Healthcare currently outsources its internal audit function, which assists in the monitoring of Oceania Healthcare's internal control systems and risk management. Internal audit operates both with and independently from management and reports its findings to the Audit Committee. A three year rolling Internal Audit Plan has been prepared and approved by the Board.



The Audit Committee reviews the Internal Audit Plan annually and makes recommendations to the Board.

## **PRINCIPLE 8 – SHAREHOLDER RIGHTS AND RELATIONS**

***The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.***

### **Information for Shareholders**

***Recommendation 8.1:*** *An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.*

Oceania Healthcare is committed to an open and transparent relationship with shareholders. The Board aims to ensure that all shareholders are provided with all information necessary to assess Oceania Healthcare's direction and performance.

This is done through a range of communication methods including periodic and continuous disclosures to NZX and ASX, half year and annual reports and the Annual Meeting. The Website provides financial and operational information, and information about Oceania Healthcare's Directors and senior managers and copies of its governance documents, for investors and interested stakeholders to access at any time.

### **Communicating with Shareholders**

***Recommendation 8.2:*** *An issuer should allow investors the ability to easily communicate with the issuer, including providing the option to receive communications from the issuer electronically.*

Shareholders have the option of receiving their communications electronically, including by email or through Oceania Healthcare's investor centre. The Website also contains a section for electronic shareholder communications and the Board encourages investors to make enquiries if they wish on environmental, social and governance issues.

### **Shareholder Voting Rights**

***Recommendation 8.3:*** *Quoted equity security holders should have the right to vote on major decisions which may change the nature of the issuer in which they are invested.*

The regulatory safeguards built into the NZX Listing Rules, ASX Listing Rules, the Companies Act 1993 and Oceania Healthcare's constitution operate to preserve shareholders' entitlement to vote on key decisions impacting Oceania Healthcare. Voting at shareholder meetings is conducted by poll (for so long as this is required by the NZX Listing Rules) and shareholders are entitled to one vote per share on any such poll (subject to the limited exceptions in Oceania Healthcare's Constitution). Voting outcomes are announced to the market in accordance with the NZX Listing Rules.

### **Capital Raisings**

***Recommendation 8.4:*** *If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a*



*pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.*

If Oceania Healthcare intends to seek additional equity capital, the Board will ensure it considers the interests of existing shareholders and, where it is reasonable and in the best interests of Oceania Healthcare, permit shareholders to participate on a pro rata basis.

### **Notice of Annual Meeting**

***Recommendation 8.5:*** *The Board should ensure that the notices of annual or special meetings of quoted equity security holders is posted on the issuer's website as soon as possible and at least 20 working days prior to the meeting.*

Oceania Healthcare encourages shareholder participation at the Annual Meeting, and the Board aims to ensure that all relevant information is provided to shareholders for consideration with sufficient notice in advance of shareholders' meetings (and at least 20 working days prior to Oceania Healthcare's Annual Meeting, including by posting the Notice of Annual Meeting on Oceania Healthcare's website).

## **PRINCIPLE 9 – STAKEHOLDER INTERESTS**

***The Board should foster constructive relationships with stakeholders that encourage them to engage with the entity.***

The Board carefully considers and respects the interests of Oceania Healthcare's stakeholders including (in particular) its residents and their families, its staff and the communities in which Oceania Healthcare operates. This approach continues to foster constructive relationships with Oceania Healthcare's stakeholders, by considering the outcomes from customer and staff engagement surveys and feedback from other stakeholders.

In addition, in relation to residents, Oceania Healthcare has a number of residential care and independent living policies that recognise the rights of residents. Oceania Healthcare also complies with the requirements of the Retirement Villages Code of Practice 2008 which further identifies obligations to residents and protects residents' rights. Oceania Healthcare has received external recognition for service delivery in aged care and was awarded the New Zealand Aged Care Association's Award for Overall Excellence in Care in 2015, 2016 and 2017.

In relation to staff, Oceania Healthcare has a strong commitment to staff training and development. A dedicated learning and development team focuses on the delivery of staff training and a Career Pathways Programme which includes a NZQA recognised Healthcare Assistant Certificate in residential care. In addition, Oceania Healthcare's Wesley Institute of Learning provides postgraduate nursing and Healthcare Assistant training to Oceania Healthcare staff and the wider nursing and healthcare industry, providing an important strategic avenue for recruitment by Oceania Healthcare of well trained registered nurses.

Oceania Healthcare recognises the value of feedback from stakeholders and understands that not all may feel comfortable voicing their dissatisfaction directly with Oceania Healthcare. An independent whistleblower hotline was introduced in FY2020 to provide an avenue for staff, residents, their families and other stakeholders to raise concerns or provide feedback (on an anonymous basis if preferred) to an independent provider who will refer the matter to senior management or the Board to investigate as appropriate. Following investigation of the matter, the Board receives a report of each concern raised.

This Corporate Governance Statement was approved by the Board of Oceania Healthcare on 22 July 2020.

