

EXTERNAL AUDITOR INDEPENDENCE POLICY

1. INTRODUCTION

This is a Board approved governance policy. The approach to corporate governance in Oceania Healthcare Limited ("**Oceania Healthcare**") is set out in the Board and Board Committee Charters and related documents.

2. POLICY STATEMENT

Oceania Healthcare will maintain audit independence consistent with regulatory and stock exchange requirements, with the objective being to ensure that Oceania Healthcare's external financial reporting is viewed as being highly reliable and credible.

3. PURPOSE

This policy complements the Audit Committee Charter. Oversight of Oceania Healthcare's external audit arrangements is the responsibility of the Audit Committee. Ensuring that external audit independence is maintained, both in fact and in appearance, is one of the key aspects in discharging this responsibility. This formal External Auditor Independence Policy has been adopted by the Committee to meet this requirement.

The policy applies to all operations and subsidiaries of Oceania Healthcare and covers the following areas:

- (a) Approval of external auditor;
- (b) Provision of other assurance services by Oceania Healthcare's external auditors;
- (c) Pre-approval process;
- (d) External auditor rotation;
- (e) The hiring of staff from the external audit firm; and
- (f) Relationships between the external auditor and Oceania Healthcare.

4. APPROVAL OF EXTERNAL AUDITOR

The Audit Committee shall only recommend to the Board an external audit firm to be auditor if that firm:

- (a) would be regarded by a reasonable investor with full knowledge of all relevant facts and circumstances as capable of exercising objective and impartial judgement on all issues encompassed within the auditor's engagement;
- (b) has not, within two years prior to the commencement of the audit, had as a member of its audit engagement team Oceania Healthcare's Chief Executive Officer, Chief



Financial Officer, or any member of Oceania Healthcare's management who act in a financial oversight role;

- (c) does not allow the direct compensation of its audit partners for selling non-audit services to Oceania Healthcare;

The procedures for the selection and appointment of Oceania Healthcare's external auditor are based on the following framework:

- (i) The shareholders give authority to Directors at the Annual General Meeting for the Director's to approve the reappointment of, and the fees for, the external auditors for the next year unless:
 - Oceania Healthcare's external auditor ceases to be qualified for appointment; or
 - Oceania Healthcare passes a resolution at the meeting appointing another person to replace him or her as external auditor; or
 - the auditor has given notice to Oceania Healthcare that he or she does not wish to be reappointed.

In the case of the first and the third bullet points above, Oceania Healthcare will appoint a new external auditor at the relevant Annual Meeting of shareholders in accordance with the Companies Act 1993.

- (ii) Oceania Healthcare's Audit Committee is responsible for:
 - Monitoring the performance, and independence, of Oceania Healthcare's external auditors; and
 - Implementing a selection process and making a recommendation to the Board, if required.

The assessment of responses from potential external auditors takes into account a number of key criteria, including audit approach and methodology, internal governance processes, global resources, key personnel and cost.

Once the review process has taken place the Audit Committee provides the Board with information concerning the process adopted in undertaking the review, the recommended external auditor and the reasons for the final recommendation.

5. GUIDELINES / GENERAL PRINCIPLES

The guidelines that follow are designed to ensure that related assurance and other services provided by Oceania Healthcare's auditors are not perceived as conflicting with the independent role of the auditor.

The general principles to be applied in assessing the acceptability of related assurance and other services are as follows:

- (a) The external auditor should not have any involvement in the production of financial information or preparation of financial statements such that they might be perceived



as auditing their own work. This includes the provision of valuation services where such valuation forms an input into audited financial information; it also includes the design on implementation of financial information systems;

- (b) The external auditor should not perform any function of management, or be responsible for making management decisions. This includes responsibility for the performance of internal audit functions;
- (c) The external auditor should not be an advocate of the company. This includes being a promoter of Oceania Healthcare shares or legal advocacy.

6. SERVICES PERMITTED TO BE PERFORMED

The Audit Committee must pre-approve all services provided by the external auditor within the guidelines below.

Audit Services:

- (a) Statutory audits of the financial statements of the company and any subsidiary or affiliate required to be audited in order for the auditors to render an opinion with respect to the audit of the consolidated financial statements of the company;
- (b) Limited reviews of the half year results and financial position of the company, together with review of agreed upon procedures;
- (c) Review engagements including negative assurance engagements in relation to financial statements of Oceania Healthcare and any other review engagements;
- (d) Consultations with management as part of the annual audit as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by regulatory or standard setting bodies (including International Financial Reporting Standards);
- (e) Procedures required to be performed by an independent auditor to be able to form an opinion on the consolidated financial statements;
- (f) Engagements on internal controls for financial reporting and information systems reviews, performed in connection with the audit;

Audit Related Services:

- (g) General assistance with understanding auditing standards and applicable regulatory rules;
- (h) General advice regarding accounting treatments;
- (i) Accounting / technical training;
- (j) Any procedures in relation to the annual Shareholders' meeting or any special meeting of shareholders;
- (k) Consultations and recommendations in connection with internal control reporting requirements including audit of compliance plans;



- (l) Information systems review not performed in connection with the audit and that will not be subject to audit procedures;
- (m) Opening balance sheet audits of significant acquisitions which will be accounted for as a purchase transaction in the group financial statements;
- (n) To the extent required as part of any restructuring of the company, any audit and/or review of carve out financial statements relating to acquisition or disposals in connection with the audit of the consolidated financial statements of the company;
- (o) Assurance services with respect to specific requests or legal requirements such as compliance with banking covenants and/or review of employee and executive bonus entitlements (including agreed upon procedures in relation to banking covenant compliance);
- (p) Due diligence review of prospective and other financial information as requested by the Board in connection with a public filing;
- (q) Other audit-related services where the general principles outlined above are complied with and there is a clear cost/benefit advantage of using the incumbent audit firm through existing company knowledge and /or expertise.

Other Services:

- (r) Tax services:
 - (i) Assistance with queries or data gathering assignments (direct and indirect taxation), where indirect taxes include GST, FBT, RNWT and payroll taxes;
 - (ii) Assistance with IRD queries, requests for information, investigations and audits.
- (s) Financial due diligence on prospective acquisitions or transactions that a company undertakes or may consider undertaking.
- (t) Secondment of staff from the audit firm to supplement the company's resource to achieve project outcomes.
- (u) Other services where the general principles outlined above are complied with and there is a clear cost/benefit advantage and specialist knowledge of using the incumbent audit firm through existing company knowledge and/or expertise.

All other services must be pre approved by the Chair of the Audit Committee.

7. SERVICES NOT PERMITTED

Unless specifically authorised by the Chair of the Audit Committee, Oceania Healthcare's auditors are not permitted to provide the following services:

- (a) Book keeping/other services related to accounting records or financial statements;
- (b) Financial information systems design and implementation;
- (c) Appraisal/valuation services/opinions as to fairness;



- (d) Internal audit services;
- (e) Legal services (these are services that could only be provided by a person who is qualified in law);
- (f) Tax planning advice;
- (g) Management functions;
- (h) Broker/dealer/investment adviser/investment banking services;
- (i) Services of an expert as an advocate;
- (j) Actuarial services;
- (k) Human resource services;
- (l) Expert witness services;

In the event that the Chair of the Audit Committee approves the provision of other services, the Chair of the Audit Committee must notify the Board at the next scheduled Board Meeting.

8. BILLING ARRANGEMENTS

The billing arrangements for services provided by Oceania Healthcare's external auditors should not include any contingent fees (e.g. where a success fee is paid depending upon whether a transaction proceeds or not).

The Committee should ensure transparency in reporting of all fees paid to the external auditors. As a minimum, fees should be disclosed under three categories of audit services, taxation and other, with further breakdown to be considered based on materiality as determined by the Committee.

The external auditors are required to advise of all audit and non audit fee information to the Committee annually.

9. OTHER PROCEDURAL REQUIREMENTS

Regardless of Oceania Healthcare's policies, it is expected that the auditors will rigorously comply with their own internal policies on independence and all relevant professional guidance (including independence rules and guidance issues by the NZICA, NZX, ASX and the Financial Markets Authority).

Self-certification of external auditor compliance with the policy and all independence requirements is to be reported to the Committee annually.

While this policy does not prescribe any particular ratio of 'other service' fees to audit fees, this ratio will be monitored by the Audit Committee. Accordingly, the nature of services provided by Oceania Healthcare's auditors and the level of fees incurred should be reported to the Audit Committee in detail annually to enable the Committee to perform its oversight role.



10. POWERS AND AUTHORITY

The Chair of the Audit Committee ("**Committee**"), Oceania Healthcare's Chief Financial Officer and Audit signing partner each have overall responsibility for meeting the requirements of this policy.

11. EXTERNAL AUDITOR ROTATION

The recommendation of the continued appointment of Oceania Healthcare's external auditors is to be recommended annually by the Committee to the Board prior to the Annual Meeting of Shareholders. A policy of regular rotation of the audit firm is not mandated.

Rotation of the Engagement and Quality Review audit partners of Oceania Healthcare will be required every 5 years. Those partners will be subject to a two year cooling-off period following rotation. All other audit partners will be required to rotate every seven years and will be subject to a two year cooling-off period.

12. HIRING OF STAFF FROM THE EXTERNAL AUDIT FIRM

The hiring by Oceania Healthcare of any former audit partner or audit manager must first be approved by the Committee. There are no other restrictions on the hiring of other staff from the audit firm.

13. REVIEW

This Policy was reviewed by the Board in December 2020 and will be reviewed every 24 months.

