



Sustainable Finance Framework.

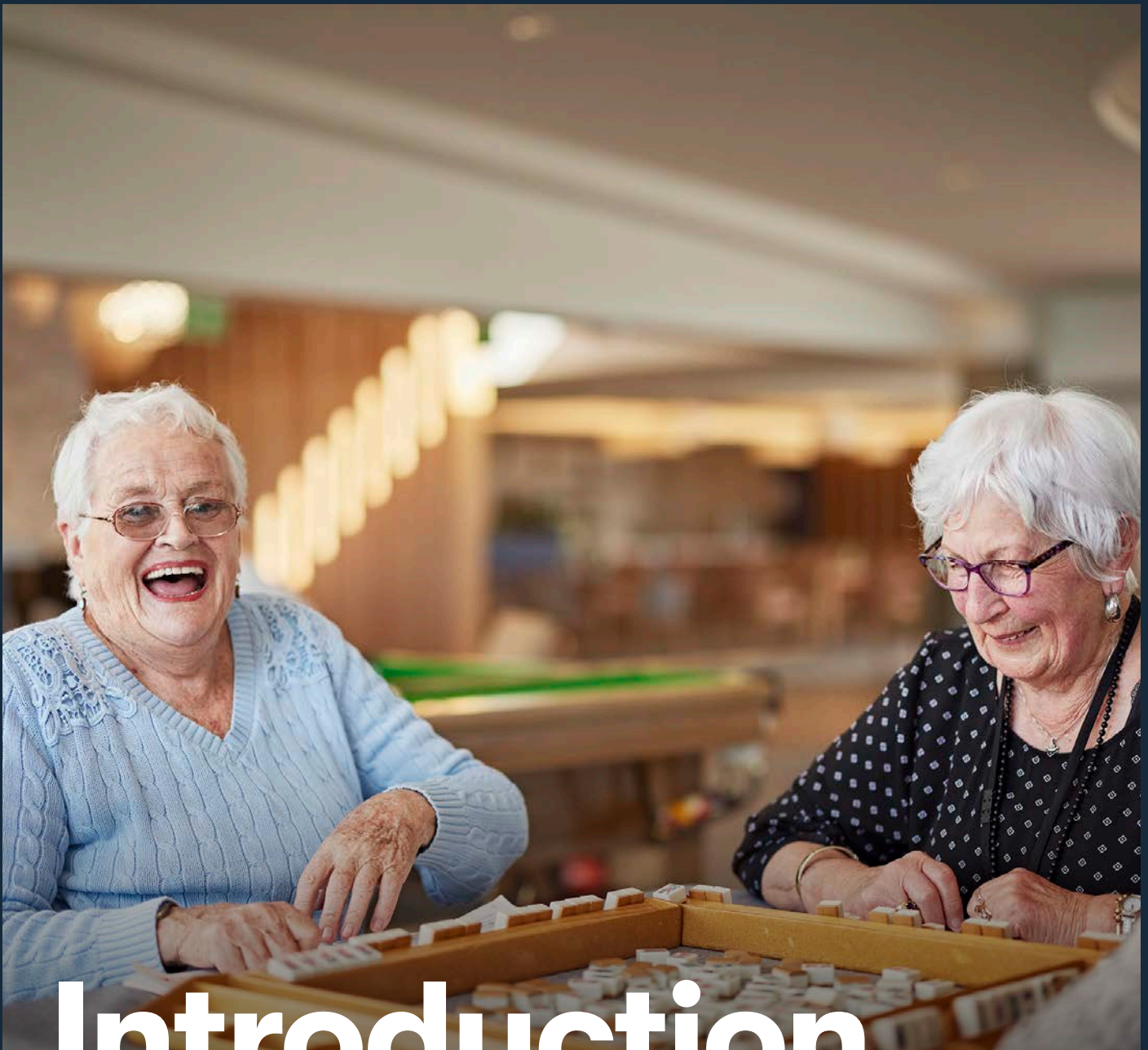
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OCEANIA

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Introduction.

As a leading provider of premium healthcare services across New Zealand, Oceania Healthcare Limited (“Oceania”) is reimagining the retirement and aged care living experience.

Oceania has c.4,000 residents living at our 45 retirement villages and care centres around New Zealand. Our residents are looked after by our c.2,900 dedicated Oceania team members. With New Zealand’s ageing population, the retirement village and aged care sector is naturally expanding but the opportunity for sustainable growth, through the provision of superior innovative services to our residents and the development of individually curated spaces, is far greater.

Oceania's strategy is to achieve sustainable performance and growth by delivering on our four strategic pillars:



Offer

We are curating great spaces through the design, development, and provision of services to our residents of the future and are doing so in a sustainable manner.

Oceania has a well-established and proven brownfield development-led growth strategy, facilitated by a strong development team and investment in an operational platform built for scale. With the recent strategy refresh to undertake greenfield developments and acquisitions, as well as brownfield developments, Oceania is well positioned to leverage its established operational platform to pursue a wide range of organic and inorganic growth opportunities.

Building design and construction has a significant impact on the sustainability of our business in terms of our future emissions, building efficiency, revenue, profitability, safety, resident satisfaction, employee engagement and waste generation.

Resident experience

We are leading in the delivery of a resident-centred retirement and aged care living experience in New Zealand through our “Model of Care” and excellent service offerings.

Oceania is committed to ensuring that it provides outstanding care and services to its residents. Oceania continues to distinguish itself from other retirement and aged care living operators with its focus on the provision of care and services, rather than the delivery of built form products. Oceania provides resident-centred care and services that enhance the quality of residents' lives.

Oceania is focused on delivering a sustained improvement in the resident experience, with an improvement in clinical indicators, delivering an evidence-based practice, and an expansion in its clinical offerings to cover a full scope of services.

We have a reputation for delivering high quality care and this is providing opportunities for Oceania to partner with other organisations, to bring high quality care to older New Zealanders in those regions that need it most.



People capability

We have a culture which enables our people to be engaged, included and valued so they can perform their life's best work at Oceania.

Our people are at the very heart of what we do. It is the passion of our people that allows Oceania to continue to build on its success for future growth.

Oceania maintains a strong focus on learning and development as part of our commitment to provide a career development pathway for our people. Our Wesley Institute of Nursing Education, set up in 2008, provides a Competence Assessment Programme (**CAP**) training to internationally-qualified nurses (**IQNs**) that meets Nursing Council requirements and provides a route for IQNs to practice in New Zealand.¹ We have also established good relationships with some governments overseas who are starting to refer their IQNs to our CAP courses, through the Wesley Institute of Nursing Education.

Growth

We deliver outstanding financial performance and sustainable growth.

We continue to demonstrate a capability to grow the business through premium living experiences, value accretive mergers and acquisitions, an accelerated build pipeline and new sector leading resident experiences.

This growth is managed carefully under a sustainability lens and with the pursuit of best practice in Environmental, Social and Governance (**ESG**) aspects.

¹The NZ Nursing Council has recently consulted on IQNs ([see here](#)) and has been considering whether the way they assess and register IQN applicants is as good as it can be. Please note that the outcome of this consultation may influence or impact our Competence Assessment Programme.

Our business strategy is underpinned by our focus on technology, innovation, and our Sustainability Framework (as illustrated below).





Our purpose

To reimagine the retirement and aged care living experience in New Zealand.

Our strategic pillars

<p>Offer</p> <p>To design, develop, build and sell premium properties for our residents of the future</p>	<p>Resident Experience</p> <p>To be the leader in the delivery of resident experience in retirement villages and aged care centres</p>	<p>People Capability</p> <p>To build capability and develop a culture, which enables our people to perform their life's best work</p>	<p>Growth</p> <p>To deliver outstanding financial performance and sustainable growth</p>
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Our value outcomes

<p>Residents love living in our communities</p> 	<p>We delight our residents with hospitality inspired, customer led services</p> 	<p>We are passionate about the wellbeing of our staff, residents and their families</p> 	<p>We lead the way in how we do things</p> 
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Our drivers

Our people — Our expertise — Our villages — Our financial capital — Our natural capital

Our enablers

Technology – Innovation – our Sustainability Framework:

People

Our goals

We delight our residents and staff by caring for them and making a difference to their happiness every day.

Our Measure

Employee wellness engagement, resident engagement, health and safety.



Planet

Our goals

Through better use of our resources we will substantially reduce our environmental impact enabling carbon neutrality in the future.

Our measure

Waste to landfill, energy efficiency, greenhouse gas emissions.



Prosperity

Our goals

Integrated thinking will be embedded in our strategy, decision making, long term planning and reporting by 2022.

Our Measure

Financial returns and shareholder value growth.



Sustainability Framework.

We are committed to sustainability and recognise the importance of not only constantly improving resident experience, but also having a positive impact in our local communities, reducing our impact on the environment, and improving employment practices, employee wellbeing and product service design.

We have set our Sustainability Framework by considering what is important to key stakeholders and which risks and opportunities have the greatest impact on our ability to create value in the short and long term. This Sustainability Framework establishes goals and identifies measures to report on our People, Planet and Prosperity achievements as we build a better future. Sustainability underpins our business goals and everything we do at Oceania.

We implement our Sustainability Framework across different initiatives.

We are always focusing on the future, on enhancing our offering, innovating and delivering to the future needs of our residents, their families, the communities in which they live and our people. We lead in the delivery of resident-centred retirement and aged care living experiences in New Zealand through our “Model of Care”. We partner to deliver resident specific centres for high need and vulnerable populations, including those in under-served geographical areas. We support our people through fair pay, training and career advancements and have a culture that enables our people to be engaged, included and valued and perform their life’s best work, while we build capabilities.

Reducing construction and operational waste to landfill is a focus for Oceania, both during the development and refurbishment process, and the ongoing operation of our villages and care centres. We are aiming to reduce waste to landfill from building construction processes, including having clear understanding and plans for diversion, because we also see the co-benefits of doing so in terms of pollution prevention and emissions reduction. We are also committed to the diversion of organic, plastic, paper material and other waste from landfill and we have been focusing on food and incontinence waste.

At Oceania, we are committed to responsible energy management and focus on reducing our carbon footprint by designing and building new, low carbon, and energy efficient buildings and to the New Zealand Green Building Council’s 6 Homestar standards. Educating and training our people on best standards, monitoring and identifying opportunities for reducing energy use and engaging with our suppliers, are all important actions for Oceania as we work to achieve our goals.

We curate intelligently designed spaces for the resident of the future and do this in a sustainable manner, integrating with the community around us. Building design and construction impacts our emissions, building efficiency, and waste generation. We acknowledge that both the investment community and the Government are increasingly focusing on existing and future emissions of organisations like ours, and that this is already indirectly impacting, for instance, our sustainable design and construction processes. The acquisition, construction, refurbishment, and operation of existing and/or planned sustainable buildings is being achieved through a number of initiatives including:

1. Employing reputable designers, engineers and consultants who design to best practice and have a good track record of delivering high quality profitable developments;
2. Updating design specifications to incorporate improved building design practice;
3. Designing and building to above the building code (currently to Homestar 6 rating for apartments, and we also apply those principles to our villas and care suites), with a view to going even further in the future;
4. Building apartments, villas and care suites that are energy efficient and healthier for our residents and reducing our operational waste; and
5. Learning from our experience on existing developments to inform the design and build of future developments.

To further support our purpose our Wesley Institute of Nursing Education provides CAP programmes for IQNs, as well as a “Return to Nursing Programme” for New Zealand nurses wanting to return to the workforce after 5 years or more of absence. Both programmes combine nursing theory and clinical practice through a 5-week placement in an approved Oceania nursing environment in New Zealand. Our clinical nurse educators are industry professionals with a variety of clinical experience. These two aspects make our Wesley Institute, the only non-technical college accredited by the Nursing Council of New Zealand providing a CAP, special. The programmes support the return to nursing work of previously registered nurses who had left the workforce, as well as nurses who qualified abroad, in particular, in India and the Philippines, to reduce linguistic barriers. In the last few years, we have been working at ensuring the course is tailored to New Zealand’s needs. There can be useful skills transferred between New Zealand and the Philippines and India, and, importantly, there is no hidden or additional costs to IQNs coming to New Zealand through our Wesley Institute courses.

Sustainable Finance Framework.

Oceania has prepared this Sustainable Finance Framework (the **Framework**) to provide guidance on its raising of sustainable finance instruments (**Sustainable Finance**) via the issuance and management of general corporate purposes or sustainability-linked instruments in the form of Sustainability-Linked Loans (**SLLs**).

It is important to Oceania that our business strategy and Sustainability Framework are aligned to each other and supported by an enabling Sustainable Finance strategy. Our Sustainable Finance strategy is documented through this Framework. The Framework sets out the process, criteria, and guidelines under which we intend to issue and manage SLLs, which contribute towards achieving our sustainability goals, and which are consistent with the most recent international industry best practice in terms of sustainable finance principles and guidelines (**Market Standards**).

The Market Standards are a collection of voluntary reference frameworks that are generally accepted, as at the date of this Framework, as the globally

recommended management processes for borrowing or syndication in loan markets, to finance progress towards environmental and social sustainability. These Market Standards are those published by the Loan Market Association (**LMA**), Asia-Pacific Loan Market Association (**APLMA**) and Loan Syndications and Trading Association (**LSTA**). The Market Standards promote integrity of the sustainable finance market by providing guidelines towards transparency, disclosure, and reporting processes in order to drive investors and financiers to allocate capital and financing that support ambitious corporate sustainability-related targets. It is Oceania’s intention to follow these Market Standards for its Sustainable Finance instruments.

Oceania may issue or manage Sustainable Finance instruments under this Framework and in accordance with the relevant applicable Market Standards as shown in the table below:

Sustainable Finance Instrument	Use of Proceeds	Applicable Market Standard
Sustainability-Linked Loans	General corporate purposes: The proceeds are not required to be allocated to eligible assets, but the instrument margin is adjusted based on performance against pre-defined, ambitious yet achievable, sustainability-related targets of the borrower’s material KPIs.	Sustainability-Linked Loan Principles 2022 (SLLP) ²

² [APLMA Sustainability-Linked Loan Principles 2022 \(SLLP\)](#)



Governance.

Under the leadership of our CEO, Oceania's executive team is responsible for designing and implementing Oceania's Sustainability Framework and making sure it is integrated within our overall business strategy. This includes managing topics that are material to Oceania, which can guide the selection of Key Performance Indicators (**KPIs**) and relevant sustainability targets. These KPIs and targets may then help calibrate any Sustainability Performance Targets (**SPTs**) relevant to sustainability-linked instruments in alignment with this Framework. The executive team will keep the Board of Directors (**Board**) updated, on a six-monthly basis, on the implementation of the Sustainability Framework, to support their oversight and governance of the strategy.

To manage the Sustainable Finance instruments under this Framework, Oceania has established a **Sustainability Committee** which includes the CEO, CFO, Group General Manager Corporate Services, Head of Sustainability and Corporate Responsibility and other members of the executive team, as necessary. The Sustainability Committee is responsible for reviewing and providing recommendations to the Board prior to issuance of any Sustainable Finance instruments in alignment with this Framework. It is also responsible for making sure Oceania complies with this Framework and the Market Standards.

The Committee will monitor the evolution of the green, social, and sustainability finance markets, so that this Framework can be kept up to date with the latest good international market practices.

The Chair of the Sustainability Committee is Oceania's CFO, and its Secretary is the Head of Sustainability and Corporate Responsibility. The Sustainability Committee may invite other Oceania colleagues to the Committee from time to time and will meet at least quarterly. The Sustainability Committee will update the Board on a six-monthly basis on the activities for which the Sustainability Committee is responsible to ensure the Board has visibility and oversight of the Sustainability Committee's activities.

This Sustainability Framework, as updated from time to time, will be published on Oceania's website.

Ernst & Young Limited has evaluated the Framework, its transparency and governance, as well as its alignment with the Market Standards. In case of any material changes to this Framework, Oceania will seek an updated external review report. The limited assurance report will be published on Oceania's website.



General Corporate Purpose Instruments.

This section describes how Oceania will issue and manage its general corporate purpose instruments, or sustainability-linked instruments, on an ongoing basis. SLLs are defined in this Framework as Sustainable Finance instruments used for general corporate purposes that do not require proceeds to be utilised for eligible assets and projects. Instead, they will integrate governance criteria and refer to Oceania's overall sustainability credentials. Sustainability-linked instruments link Oceania's cost of funding to achieving ambitious and measurable pre-determined SPTs, that are selected relative to KPIs central to Oceania's sustainability and business strategy.

Oceania's sustainability-linked instruments will be managed in accordance with the most recent publications of the SLLPs (2022) at the date of publication of this Framework.

For each new sustainability-linked transaction, Oceania will:

- Identify and select sustainability-related KPIs among the selected KPIs below, aligned to Oceania’s strategy (defining the relevant metrics and units, scope or perimeter and calculation methodology during such process), as well as an appropriate baseline for each KPI and benchmarking against an industry standard, where feasible;
- Calibrate the SPTs with reference to the most relevant methodology recommended by the SLLPs, as to how they will be measured annually, as well as to the respective action plans to achieve those SPTs;
- Agree timelines for measuring progress of each relevant KPI against its corresponding SPTs, and report and disclose progress to lenders accordingly;
- Agree commercial terms and potential incentives once the SPTs are achieved; and
- Review and verify the arrangements of each structure.

The sections below provide a high-level overview of the information to be detailed under each sustainability-linked transaction.








Selection of Key Performance Indicators

The below table gathers the KPIs that are deemed material to Oceania’s overall sustainability and business strategy, address relevant environmental, social and/or governance challenges of Oceania’s sector, and are under management’s control at the date of publication of this Framework. The KPIs also enable assessment and benchmarking of Oceania’s environmental and social impact, and/or the impact of environmental and social factors on Oceania’s financial position.

The KPIs selected are:

- Relevant, core and material to our overall business, and of high strategic importance to our current and/or future operations;
- Measurable or quantifiable on a consistent methodological basis;
- Externally verifiable; and
- Able to be benchmarked, as much as possible, using an external reference or definitions to facilitate the assessment of the corresponding SPTs’ level of ambition.



Oceania's Strategy Alignment	Material Issue	Sustainability Goal	SDG Alignment
Planet	Greenhouse gas emissions	<p>Minimising the energy our operations use and the carbon emissions associated with Oceania's operations. This could be measured by, but not limited to, the following metrics:</p> <ul style="list-style-type: none"> Absolute scope 1, 2 and 3 CO₂-e emissions; Emissions intensity on a square metre, or per resident, basis; Electricity generation from renewable sources (in kWh). 	
Planet	Waste management	<p>Reducing the level of waste to landfill for both construction and operational activities. This could be measured by, but not limited to, the following metrics:</p> <ul style="list-style-type: none"> Volume of waste (kg/ m² (gross floor area)); Diversion from landfill (% diverted); Volume of food waste composted (kg or tonnes). 	
Planet	Water management	<p>Reducing water use or water use intensity. This could be measured by, but not limited to, the following metrics:</p> <ul style="list-style-type: none"> Volume of water use (in m³, per resident); Volume of wastewater generated (in m³, per resident). 	 
Planet	Energy management	<p>Increasing energy efficiency or reduce energy use. This could be measured by, but not limited to, the following metric(s).</p> <ul style="list-style-type: none"> Electricity consumption (in kWh, on a per resident basis, on a per m² basis). 	
People	Resident experience	<p>Improving resident experience and quality of care. This could be measured by, but not limited to, the following metrics:</p> <ul style="list-style-type: none"> Clinical and wellbeing assessment data for care residents; Net Promoter Score (NPS) or resident satisfaction surveys. 	
People	Employee engagement, diversity, and inclusion	<p>Supporting a diverse and inclusive workforce. This could be measured by, but not limited to, the following metrics:</p> <ul style="list-style-type: none"> Representation of minority workforce across different levels (in %); Gender diversity across different levels (in %). 	

Calibration of Sustainability Performance Targets

Having selected suitable KPIs, Oceania will then pre-identify ambitious SPTs. The SPTs will be consistent with our business strategy and Sustainability Framework and determined by one or more of the following approaches:

- Oceania’s own performance over time - a minimum of 3 years, where feasible, of historical data on the selected KPI(s) to assess the possible material improvement in the respective KPI beyond a “business as usual” trajectory; and/or
- Oceania’s peers - the SPTs’ relative positioning versus targets set by, and performance of, Oceania’s peers, where that data is available and comparable, or the SPTs’ relative positioning versus current industry or sector standards; and/or
- Reference to the science - systematic reference to science-based scenarios, or absolute levels (e.g. carbon budgets), or to official regional/country/international targets (e.g. Paris Agreement on climate change, the Glasgow Climate Pact, net zero goals, and UN Sustainable Development Goals) or to recognised best-available technologies, or other proxies to determine relevant targets across ESG themes.

The agreed SPT(s) will be calibrated so as to be ambitious yet achievable, as expected under the SLLPs. It is Oceania’s intention that, for each sustainability-linked instrument, the relevant SPTs be presented to relevant lenders, along with:

- The SPTs’ relevant timelines for the target achievement;
- Corresponding KPI baseline(s) and rationale for those;
- Where relevant, in what situations recalculations or pro-forma adjustments of baselines will take place;
- Where possible and taking competition and confidentiality considerations into account, how Oceania intends to reach such SPTs; and
- Any other pre-identified factors that may impact the achievement of the SPTs in the context of Oceania’s business strategy and Sustainability Framework and that are beyond Oceania’s direct control.

Appropriate KPIs and SPTs will be determined and set between Oceania and its relevant lender group for each transaction.

Loan Characteristics

Oceania’s sustainability-linked instruments will feature financial characteristics that encourage the implementation of, and ongoing commitment to, sustainability initiatives that are identified as being required in order to achieve the relevant SPTs. These characteristics may include both penalties and incentives for Oceania in the case of a SLL, as recommended at the date of publication of this Framework and acknowledging that Market Standards and market practices may continue to evolve.

At the inception of each sustainability-linked instrument, Oceania will disclose to the relevant lenders the specific SPTs, magnitude of the margin adjustment, trigger review events, any fallback mechanisms in case the SPTs cannot be measured, as well as the effective date(s), timeline and nature of reporting will be detailed in the relevant documentation for each transaction.

Post issuance, sustainability performance outcomes against the set SPTs and associated external review reports will be made available to the lenders.

Reporting and Disclosure

Reporting to lenders, for each corresponding sustainability-linked instrument, will be provided at least on an annual basis and, in any case, for any date or period relevant for assessing the SPT performance leading to a potential adjustment of the relevant Sustainable Finance’s financial characteristics.

Such reporting will include:

- Up-to-date information on the performance of the selected KPIs, including reference to the baseline where relevant;
- Limited assurance report outlining the performance against the SPTs and related impact, and timing of such impact, on each relevant sustainability-linked instrument;
- Up-to-date information on the performance of the selected KPIs, including reference to the baseline where relevant;

Information may also include (when feasible and possible):

- Qualitative or quantitative analysis of the main factors behind the performance/KPI (including merger & acquisition activities);
- The positive sustainability impacts of the performance improvement;
- Any re-assessments of KPIs and/or restatement of the SPTs and/or pro-forma adjustments of baselines or KPI scope, if relevant.

Oceania acknowledges the importance of transparency and will endeavour to disclose summary information relating to the issuance of sustainability-linked instruments, as relevant and subject to confidentiality, on Oceania's website. Oceania will further continue to report publicly on its general sustainability performance in alignment with its business strategy and Sustainability Framework through its Annual Report and/or any other relevant reports, as appropriate.

Review and Verification

Oceania will seek external review on the following, and make reports available to the relevant lenders:

- Pre-issuance (limited assurance or a second party opinion):
 - The Framework;
 - The materiality of Oceania's selected KPIs and verification of baseline data;
 - The ambition of SPTs;
 - Alignment with the Market Standards.
- Post-issuance (annual limited assurance or independent verification) that includes the following information:
 - Oceania's performance against the SPTs;
 - Any material changes to the KPI methodology or SPT calibration.

Oceania may disclose external review reports publicly where deemed appropriate.

Amending this Framework

As the Market Standards and the global sustainable finance markets continue to evolve, so too will Oceania's approach as it continues to adapt to the changing environment. Oceania may update this Framework over time, to remain in line with market best practice. For the ongoing enhancement of Oceania's Sustainable Finance instruments, we welcome feedback and input from stakeholders as this will support Oceania to deliver on its sustainability objectives and meet the needs of lenders, investors, and other stakeholders.



Important Notice

For the avoidance of doubt, if Oceania fails to comply with the Framework or satisfy the Market Standards, then this does not (1) constitute an event of default or any other breach in relation to the Sustainable Finance instrument(s), and (2) neither lenders, investors, nor Oceania have any right for the Sustainable Finance instrument(s) to be repaid early. This means there is no legal obligation on Oceania to comply with the Framework or Market Standards on an ongoing basis.

However, in the event Oceania fails to comply with the Framework or satisfy the Market Standards, then the Sustainable Finance instrument(s) may cease to be labelled as 'green', 'social' or 'sustainable' (as applicable).

Contacts and Information

More information on Oceania's approach to sustainability can be found:

On our website:

<https://www.oceaniahealthcare.co.nz/investor-centre/sustainability>

In our annual report – Annual Report 2022:


<https://images.oceaniahealthcare.co.nz/wp-content/uploads/2022/06/02114537/2022-Annual-Report-Final.pdf>

Oceania Contacts:

Kathryn Waugh – Chief Financial Officer

Stephanie Spicer – Head of Sustainability and Corporate Responsibility

 Registered office: Level 11, 80 Queen Street, Auckland 1010

 investor@oceaniahealthcare.co.nz

 0800 333 688

 [oceaniahealthcare.co.nz](https://www.oceaniahealthcare.co.nz)



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