

CORPORATE GOVERNANCE STATEMENT

Approved by the Board of Metlifecare Limited (referred to as Metlifecare or the Company) on 5 September 2018. All references to year are to the financial year ended 30 June 2018.

Our Approach to Corporate Governance

The Board believes that strong principles of corporate governance protect and enhance the assets of the Company for the benefit of all shareholders.

The Board is committed to ensuring that strong principles of corporate governance are adopted and implemented by the Company in accordance with best practice and while observing applicable laws and the NZX Corporate Governance Code 2017 (NZX Code).

Framework

Metlifecare shares are listed on the NZX Main Board (NZX) and on the Australian Securities Exchange (ASX). Metlifecare has been listed on the NZX Main Board since July 1994, and the ASX since 2013, and has, to the best of its senior managers' knowledge and belief, at all times complied with its continuous disclosure obligations under the NZX Listing Rules, the ASX Listing Rules and the Financial Markets Conduct Act 2013 (as applicable). Metlifecare is an ASX Foreign Exempt company.

Metlifecare's website www.metlifecare.co.nz/investor-centre contains copies of the following corporate governance policies, practices and charters, adopted or followed by the Company and referred to in this Corporate Governance Statement. The policies and charters have been reviewed, and updated where appropriate, in the last twelve months:

Policies & Statement

- Corporate Governance Statement
- Code of Ethics

- Shareholder Communications Policy
- Residents' Policy
- Risk Management Policy
- Trading Policy
- Conflicts of Interest Policy
- Diversity Policy
- Market Disclosure Policy
- Dividend Policy
- External Auditor Independence Policy
- Whistleblowing Policy

Charters

- Board Charter
- Audit & Risk Committee Charter
- People & Remuneration Committee Charter
- Nominations & Corporate Governance Committee Charter
- Development Committee Charter
- Resident Experience & Care Committee Charter

Constitution

- Metlifecare Constitution

The following section of this Corporate Governance Statement sets out each principle of the NZX Code with an explanation of how Metlifecare complies with each principle. Metlifecare considers that, as at 30 June 2018, it was in full compliance with the NZX Code.

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.

The Company is committed to maintaining high ethical standards through ongoing attention to values and behaviour, particularly in respect of its responsibilities to those who reside in its retirement villages.

The Board has adopted a formal Code of Ethics, Whistleblowing Policy, Board Charter, Conflicts of Interest Policy and Trading Policy, all of which are available on the Company's website. The Board policies are supported by other Company policies and standards that address issues such as privacy, delegated authority mandates, gifts and other similar matters.

Code of Ethics

The Code of Ethics describes the practices that all employees are expected to follow to help maintain confidence in the Company's integrity. It governs the conduct of the Company and includes details on the responsibility of employees to report concerns. All directors, executives, managers, staff and contractors acting on behalf of the Company are required to maintain high standards of ethical behaviour in all decision making and in their conduct. A copy of the Code of Ethics and training on this document is provided, particularly to new staff on induction.

The Company's Whistleblowing Policy provides a mechanism by which serious wrongdoings can be reported and investigated.

Pursuant to the Board Charter, the directors are expected to comply with their legal duties and obligations when discharging their responsibilities as directors, including:

- acting in good faith and in the best interests of the Company
- acting with care and diligence and for proper purposes

- avoiding conflicts of interest or managing them appropriately, including filing declarations of interest with the Company Secretary and keeping them current
- refraining from making improper use of information gained as a director and from taking improper advantage of their appointment as a director

Directors are encouraged to undertake appropriate training in order to ensure they best perform their duties as directors of the Company. As set out in the Board Charter, directors may:

- have access to the senior management team, via the Chief Executive Officer, to request relevant information or explanations
- have access to internal and external auditors without management present, to seek explanations or additional information
- with prior notification to the Chair, seek professional advice (at the Company's expense) to assist the director in carrying out his or her duties

The Conflicts of Interest Policy details the process to be adopted in relation to potential conflicts of interest. Directors are required to disclose any actual or potential conflict of interest to the Board. A list of any such disclosures is included in the Board papers/minutes for each Board meeting.

Trading Policy

The Trading Policy addresses the Company's requirements for all employees and representatives of the Company in relation to trading Metlifecare's shares. The policy applies to directors and employees and incorporates all trading restraints. Directors and employees are restricted from trading in Company shares during "black-out" periods from the balance date and the half-year balance date and, in any event, if they are in possession of non-publicly available price sensitive information.

PRINCIPLE 2: Board Composition & Performance

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

Board Charter

The Board has adopted a formal Board Charter that details the Board's roles and responsibilities, as set out below:

- supervising and directing the management of the business and affairs of the Metlifecare Group
- setting the objectives and strategic direction of the Metlifecare Group and monitoring management's performance against those benchmarks within that framework
- ensuring there are adequate resources available to meet Metlifecare Group's objectives and responsibilities
- appointing and removing the Chief Executive Officer, determining conditions of employment and monitoring performance against established objectives
- approving senior executive appointments and remuneration (via Chief Executive Officer's recommendations)
- overseeing succession and development plans for the Chief Executive Officer and senior executive team
- establishing and reviewing employment and remuneration practices to ensure that talented and motivated staff are recruited and retained across the Metlifecare Group
- approving and monitoring financial reporting and capital and other management systems
- ensuring that adequate risk management procedures exist to identify and manage business risks, protect Metlifecare's assets and to minimise the possibility of the Company operating beyond legal or regulatory requirements or beyond acceptable risk parameters as determined by the Board

- leading health and safety in the organisation including governance, delivery, monitoring and review of Metlifecare's Health and Safety policies and their implementation
- governing and overseeing the well-being of Metlifecare's residents and staff
- governing and overseeing Metlifecare's provision of care services to residents and of clinical risk
- reporting to shareholders
- setting Metlifecare's capital structure and capital management policies including dividend policy
- ensuring that the Metlifecare Group has appropriate corporate governance structures in place including standards of ethical behaviour
- appointing directors to the Board, as recommended by the Nominations & Corporate Governance Committee, and filling vacancies on the Board between annual meetings of shareholders
- ensuring that the Board is and remains appropriately skilled to meet the changing needs of Metlifecare

The Board Charter is available on the Company's website.

Board Operations

The Board, elected by the shareholders, is responsible for supervising and directing the management of the business of the Company, including the performance of the Chief Executive Officer, so that it acts in the best interests of its shareholders. It is responsible for guiding the corporate strategy of the Company.

The Board schedules a minimum of six meetings each year. An annual work programme and a standing agenda, together with written reports and presentations from the Chief Executive Officer and senior management, address and update directors on strategy and operational matters.

The Board generally addresses the matters contained in its annual work programme set out in the Board Charter. Attendance at Board and committee meetings is set out in the table on page 86 of the 2018 Annual Report.

Skills of the Board

When considering the appointment of a new director, the Company's Nominations & Corporate Governance Committee considers the skills of the existing Board and any gaps. The Board undertook this process when appointing Mark Binns and Rod Snodgrass in the year to 30 June 2018. The Board currently comprises directors with a range of backgrounds and skills, including those with particular financial, aged care and property sector expertise as set out in the Director Profiles on pages 32 and 33 of the 2018 Annual Report.

Nominations & Corporate Governance Committee

The Nominations & Corporate Governance Committee's responsibilities include identifying and recommending to the Board individuals for appointment (and removal) as members of the Board. In doing so, the Committee takes into account Board policies and such necessary and desirable competencies as it deems appropriate, including experience, qualifications, current Board composition, independence, judgment and the ability to work with other directors.

The Nominations & Corporate Governance Committee has a formal and transparent procedure for selecting new directors for Board appointments, including selection criteria that aims to meet the Board's needs in respect of composition and structure. The Board has a board skills matrix, which sets out the mix of skills and diversity that the Board currently has and is looking to achieve in its future membership. The current directors

provide the Board with a well-balanced, capable and effective mix of skills.

Independent Directors

The Board currently has seven non-executive directors, six of whom are independent directors per the definition set out in Section 1 of the NZX Listing Rules. The independent directors of the Company are Kim Ellis (Chair), Chris Aiken, Mark Binns, Alistair Ryan, Rod Snodgrass and Noeline Whitehead. As at the date of the 2018 Annual Report the directors of the Board are:

- Kim Ellis
- Chris Aiken
- Mark Binns
- Alistair Ryan
- Rod Snodgrass
- Carolyn Steele
- Noeline Whitehead

The Board does not have a tenure policy, however the current directors have served periods of time between one and six years (approximately) which is considered acceptable. Director profiles and committee memberships are set out on pages 32 and 33 of the 2018 Annual Report.

The roles of Chair and Chief Executive Officer are not held by the same person. Glen Sowry is currently the Chief Executive Officer of the Company, but is not a member of the Board. Kim Ellis is the independent Chair of the Board and was appointed Chair on 1 September 2014. Mr Ellis has extensive governance experience in New Zealand and meets the requirements of the Board Chair position for a publicly listed company of Metlifecare's scale and complexity.

Director Development

New directors are provided with a letter of appointment setting out the Board's expectations of them, copies of key Company documents, an introduction to the activities of the group and the opportunity to meet with and ask questions of management. An extensive programme of village visits is now undertaken by new directors. Directors are encouraged to undertake continuing education and development of further skills to remain current on how to best perform their duties as directors of an issuer. Training undertaken in the last twelve months has included attendance at various Institute of Directors courses. A separate annual budget has been set aside for director education.

Diversity

The Board has a Diversity Policy which aims to ensure that the Company has a focus on diversity throughout the organisation. This recognises that a diversified work force (including at Board and management levels) contributes to improved business performance, enables innovation and is fair to all.

The Diversity Policy establishes the following measureable objectives for achieving gender and other 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
- facilitating and promoting a merit-based environment in which employees have the opportunity to develop and perform to their full potential on an ongoing basis in alignment with the Company's commitment to the ongoing training and wellbeing of its employees
- rewarding excellence and 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 published on the Company’s website. The Board considers that the Diversity Policy has been successfully implemented across the business and recognises that diversity across a wide range of areas is important.

The measurement of diversity objectives will be an area of increased focus in future years.

The gender breakdown of the Board and employees is as follows:

	as at 30 June 2018		as at 30 June 2017	
	Male	Female	Male	Female
Board	5	2	3	2
Officers*	5	4	5	4
Employees	262	846	255	788

*Persons who report to the Board or CEO

Performance of the Board and Senior Management

The Board, led by the Chair, reviews its performance and the performance of individual directors and its Committees. The Board also engages an external provider, Propero, to undertake a performance evaluation approximately every two years to assess director, Board and committee performance. The most recent review was conducted from May 2018 and the resulting report was issued in August 2018.

The Company has a People & Remuneration Committee that makes recommendations to the Board regarding remuneration of the Chief Executive Officer and members of the Executive Team, as described below under the heading Principle 3.

The People & Remuneration Committee establishes an annual performance agreement with the Chief Executive Officer and conducts an annual review of the Chief Executive Officer’s performance. Such annual review takes the form of an interview between the Chief Executive Officer and the Chair at which the performance of the Chief Executive Officer is reviewed and assessed.

The Chief Executive Officer reviews the performance of Executive Team members annually by way of one-on-one interviews and the People & Remuneration Committee considers the Chief Executive Officer's evaluations.

PRINCIPLE 3: Board Committees

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

Committee Charters

The Board operates five standing committees which operate under the following Charters approved by the Board:

- Audit & Risk Committee Charter
- People & Remuneration Committee Charter (name changed from Remuneration Committee on 24 April 2018)
- Nominations & Corporate Governance Committee Charter
- Development Committee Charter
- Resident Experience & Care Committee Charter (name changed from Care Committee on 24 April 2018)

The Charters are available on the Company's website. Proceedings of all committee meetings are reported to the Board and minutes of all committee meetings are available to directors. Directors are welcome to, and regularly do, attend committee meetings for which they are not a member.

Audit & Risk Committee

The Audit & Risk Committee, together with the external auditor, has a pivotal role in ensuring the integrity of financial reporting and other information provided in public disclosure documents.

The primary purpose of the Audit & Risk Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting, external and internal audit, tax planning and compliance, treasury and liquidity, and risk management.

The Committee carries out this purpose by overseeing, reviewing and providing advice to the Board on matters including:

- financial information prepared by management for publication to shareholders, regulators and the general public
- policies and procedures adopted to ensure compliance with legislative and regulatory requirements, codes of practice, NZX and ASX listing rules and governance requirements as they relate to financial and non-financial disclosure
- internal and external audit functions
- relationship and interaction with institutional investors and other shareholders
- internal control and risk management policies and processes

The Audit & Risk Committee has adopted a formal Audit & Risk Committee Charter, which is available on the Company's website.

The Audit & Risk Committee members are Alistair Ryan, Carolyn Steele and Kim Ellis. All members are non-executive directors, a majority (two) are independent, at least one member is a qualified accountant and the Chair of the Audit & Risk Committee, Alistair Ryan, is an independent director who is not the Chair of the Board.

The Audit & Risk Committee meets at least four times a year and invites members of management to attend meetings and provide appropriate information and explanations as required.

People & Remuneration Committee

The Committee's responsibilities include:

- reviewing and recommending to the Board the level and type of remuneration for the Chief Executive Officer and senior executives
- reviewing and recommending to the shareholders the level and type of remuneration for directors

The current members of the People & Remuneration Committee are Mark Binns (Chair), Kim Ellis and Alistair Ryan. All members of the Committee are independent.

The People & Remuneration Committee meets at least four times a year and invites members of management to attend meetings and provide appropriate information and explanations as required.

Nominations & Corporate Governance Committee

The Nominations & Corporate Governance Committee's responsibilities are set out above under Principle 2. The current members of the Nominations & Corporate Governance Committee are all the members of the Board, a majority of whom (six) are independent.

Development Committee

The Development Committee is responsible for:

- providing advice to the Board on proposals relating to major acquisitions and construction developments, remediation, refurbishment and long-term maintenance works, design of new-build villas, apartments and care homes; and safety of the products and services that are utilised by all relevant persons including employees, contractors, residents and others

- monitoring and reporting to the Board on information provided by management on health and safety in the development environment to ensure that Metlifecare has, and implements, processes for complying with its duties and obligations under the Health and Safety at Work Act 2015

The Development Committee's responsibilities include reviewing (and recommending to the Board):

- development plans and business cases prepared by management
- development feasibilities and programme(s)
- development, land bank and design updates prepared monthly by management to assess whether the development outcomes targets and feasibilities are being achieved and are consistent with those approved by the Board
- any other development-related matters that may from time to time be raised with the Committee by a member of the Board or the Chief Executive Officer
- business cases for land acquisitions proposed by management, including price, terms and structure
- business cases for land divestments proposed by management, including price, terms and structure
- any other land acquisition or divestment related matters that may from time to time be raised with the Committee by a member of the Board or the Chief Executive Officer

Resident Experience & Care Committee

Through the execution of its responsibilities the Committee provides governance and oversight of the Company's provision of services to residents. The Resident Experience & Care Committee's responsibilities include:

- supporting innovation and assisting management and Board to set strategy in relation

to enhancement of the resident customer experience and care services models, environments and systems

- setting targets and key performance indicators for improving customer insights, enhancement of the resident customer experience and the Company's care service delivery performance
- providing oversight of Metlifecare's quality of customer and care service delivery
- assisting the Board to identify and manage key risks in relation to the provision of care services to residents and the safe operation of the care and village environments
- in conjunction with the Development Committee, consider proposals for new care facilities or upgrades of existing care facilities in relation to appropriate fit with the Committee's philosophies and financial viability
- requesting, receiving and reviewing the Company's clinical governance system, clinical risk and quality plan annually
- reviewing serious complaints, reportable events and significant adverse events related to service delivery

Takeovers

The Board has established an internal Takeover Response Manual that establishes protocols that set out the procedure to be followed if there is a takeover offer for Metlifecare, and which include the option of establishing an independent Board sub-committee comprised of non-interested directors. The manual is reviewed and updated annually/more often as required.

Attendance at Board and Committee Meetings in the year ended 30 June 2018 is detailed below:

Attendance at Board and Committee Meetings in the Year Ended 30 June 2018								
		Board Attendance		Committee Attendance				
Total number of meetings held		6	2	7	6	1	11	5
Director		Board	Board Other	Audit & Risk	People & Remuneration (formerly Remuneration Committee until April 2018)	Nominations & Corporate Governance	Development	Resident Experience & Care (formerly Care Committee until April 2018)
Name	Commencement of original appointment							
K Ellis	25 August 2014	6	2	7	6	1	11	N/A
C Aiken	23 August 2012	6	2	N/A	N/A	-	10	N/A
M Binns	1 August 2017	6	2	N/A	5*	N/A	7*	N/A
A Ryan	23 August 2012	6	2	7	3*	1	1*	N/A
R Snodgrass	1 August 2017	6	2	N/A	N/A	N/A	9*	5
C Steele	13 December 2013	6	2	7	3*	-	N/A	5
N Whitehead	19 June 2013	6	2	N/A	N/A	1	11	5

*These directors were only Committee members for part of the year to 30 June 2018. They did not miss any Committee meetings whilst they were members of their respective committees.
The Committee Attendance record above indicates attendance of Committee members only. Directors (including the Chair) are welcome to, and often do, attend Committee meetings for which they are not a member.

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.

Market Disclosure Policy

All information received by the Company is considered in the context of the Company's obligations as a listed company with regard to continuous disclosure of material information relating to the market. The Company's processes are designed to ensure financial and other

information is reliable and of high quality to allow compliance with the Company's continuous disclosure obligations. The Board examines and confirms by specific resolution whether there is material information that is required to be disclosed to the market at each Board meeting.

In addition to the Board's final sign-off process, the Board receives a representation from the Chief Executive Officer, the Chief Financial Officer and the General Counsel/Company Secretary confirming the adequacy of the interim and full year financial statements and their compliance with the Financial Markets Conduct Act 2013.

Directors are responsible on behalf of the Company for the preparation and fair presentation of the financial statements. The Company has established written policies to ensure compliance with the NZX Main Board Listing Rules and the ASX Listing Rules disclosure requirements (as applicable) and to ensure accountability at a senior executive level for that compliance. Metlifecare's Market Disclosure Policy is available on the Company's website.

Key Governance Documents

The Company's Board and Committee Charters, all Policies and Charters detailed above, media releases, annual and interim reports and other investor-focused material are available on the Company's website.

Non-Financial Disclosure

The Company has similar exposure to economic, environmental and other risks as for other comparable businesses in New Zealand. Risks that could affect results and performance include:

- increased competition in the aged care market

- impacts arising from a wide range of indirect economic impacts on a broad range of stakeholders (for example contractors, employees, communities, customers and shareholders) and the New Zealand economy
- industrial relations and health and safety issues
- fluctuations in the costs of building and maintaining the Company's villages and care facilities
- changing regulations in the industry

The Company manages these risks via the risk management framework set out below under Principle 6 – Risk Management.

Sustainability of the Company's buildings is considered, particularly for its new developments, by the Company's Development Committee and, ultimately, the Board. The Company carefully considers the selection of building materials and, where possible, considers sustainably-sourced options. Efforts to reduce the Company's impact on the environment include measures to improve energy efficiency within the villages and an increasing use of renewable energy sources such as solar. Newer village developments include features such as increased levels of insulation, double glazing and water efficient fittings. Greenwich Gardens and The Orchards, the Company's two newest villages, were the first retirement villages in New Zealand to have homes that are 6 Homestar™ Built certified. The Company is a member of the New Zealand Green Building Council (NZGBC). The Homestar™ accreditation system was established by the NZGBC with the certification process administered by independent assessors. The Company is introducing electric cars into certain villages for use by residents.

Metlifecare strives to be a responsible corporate citizen, respecting the rights of all stakeholders including residents, staff, suppliers and the wider communities in which our villages are located. More recently, in July 2018, the Company identified its material Environmental, Social and Governance "ESG" factors and formed a materiality matrix.

Further information regarding the Company's approach to "ESG" is set out on page 30 of the 2018 Annual Report.

PRINCIPLE 5: Remuneration

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

Metlifecare is committed to providing fair and reasonable remuneration for directors and executives and acknowledges the need to provide competitive remuneration to attract high calibre directors and executives to serve the Company.

Director Remuneration

Director remuneration is paid in the form of directors' fees. The total monetary sum of fees approved for directors is currently \$723,000 (plus GST (if any)) as resolved at the Company's Annual Shareholders' Meeting on 24 October 2017. A breakdown of the Chair's and directors' fees are set out on page 93 of the 2018 Annual Report. Directors do not currently receive any remuneration in the form of Metlifecare shares. Metlifecare distinguishes the structure of non-executive directors' remuneration from that of any executive directors and senior executives. The Company has a Remuneration Policy that includes provisions on director remuneration. The People & Remuneration Committee is responsible for reviewing and recommending to shareholders, the level and type of remuneration for directors. The director fee pool is reviewed by the People & Remuneration Committee to ensure it is appropriate. When the Board considers a change to the director fee pool is appropriate, the change is recommended to shareholders in a transparent manner in the Company's Notice of Meeting.

The total monetary sum of fees approved for directors is allocated as decided by the Board, by way of fees payable to all directors. The current allocation is set out on page 93 of the 2018 Annual Report.

CEO and Executive Remuneration

Chief Executive Officer remuneration is recommended by the People & Remuneration Committee with reference to market surveys, job size and individual responsibilities, skills, knowledge, experience, competencies and accountabilities. Executive remuneration is recommended by the Chief Executive Officer to the People & Remuneration Committee and is structured to include a base salary and an 'at risk' Short Term Incentive (STI) component paid upon achievement of Company and individual targets agreed from the commencement of each financial year.

Payment of the STI is linked to specific strategic goals of the Company. There is also a gateway goal linked to achievement of financial targets. The STI scheme has recently been reviewed and re-written. The measures now more closely align with rewarding adherence to company values and other more subjective measures as well as fewer, more meaningful, strategy-aligned goals.

Chief Executive Officer remuneration is reviewed annually and is generally disclosed separately on page 96 of the 2018 Annual Report.

Executive remuneration is reviewed annually and the levels of remuneration are generally disclosed on page 96 of the 2018 Annual Report.

Equity-Based Remuneration

The Company currently has a Long Term Incentive Plan (LTIP). The final grant under the existing LTIP will take place in 2018 and will have a three-year test period. Shares for this grant vest if the Total Shareholder Return (TSR) is greater than or equal to the average of (a) the fiftieth percentile of NZX Top 50 companies and (b) the fiftieth percentile of other NZX listed retirement village operators (provided that a positive absolute (per year) TSR hurdle is also met; this hurdle was previously 8% per year). The LTIP is designed to align the interests of key employees with the interests of shareholders and provide a continuing incentive to key employees over the longer-term horizon. It is intended that a new plan be adopted in 2019.

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 appropriate processes are in place to identify and manage potential and material risks.

Risk Management Framework

The Board is ultimately responsible for the Company'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 Board also uses the following methods to monitor risks: outsourcing various functions to external providers, Audit & Risk Committee reviews and recommendations, financial and compliance reporting procedures and ensuring that the Company has insurance policies in place with a reputable insurer.

The Audit & Risk Committee regularly reviews the Company's risk management issues, policies and procedures, including the Company's Risk Management Policy through which it manages its exposure to economic, environmental and other risks. The Committee's responsibilities are contained in the Audit & Risk Committee's Charter. Both of these documents are published on the Company's website. Details of the Audit & Risk Committee are set out above under the heading "Audit & Risk Committee".

Management provides monthly reports to the Board that include summaries of specific high-level risk management issues. Management is required to immediately report urgent risk matters to both the Chair of the Board and the Chief Executive Officer. Through the Audit & Risk Committee and the Company's external and internal audits, the Company continually seeks ways to improve the effectiveness of its risk management and internal control processes.

The Company reviews its risk management framework annually. Risk-reporting software is used to capture and report on risks and augment other risk management processes.

Health and Safety

The Company takes its responsibility for the health and safety of residents and staff seriously. The Board has over-arching responsibility for providing oversight in this area. Key health and safety risks and outcomes are included and highlighted in monthly Board reports and are generally discussed at Board meetings.

An external health and safety review was concluded in 2017 which provided continuous improvements in this area, particularly in line with the Health and Safety at Work Act 2015.

Key risks include serious incidents on construction sites, traffic management and maintenance of a high standard of health and safety culture at the Company's villages.

The Company has AS/NZS 4801 accreditation.

PRINCIPLE 7: Auditors

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

External Auditor

The Company, under its Audit & Risk Committee Charter, has established policies relating to the appointment and independence of the external auditor. The Board, via the Audit & Risk Committee's recommendations, is responsible for ensuring the independence of the external auditor, for obtaining a confirmation of this from the external auditor and for monitoring the five-yearly rotation of the lead audit partner.

The external auditor does not provide any other services unless specifically approved by the

Chief Executive Officer/Chief Financial Officer, the Audit & Risk Committee, or the Board in accordance with the Auditor Independence Policy.

The fee paid to the auditor in 2018 for audit services was \$477,000. Non-audit fees were \$98,000. The provision of non-audit services comprised:

- tax compliance services – \$16,000
- advisory services relating to executive remuneration benchmarking and strategic procurement advice - \$82,000

The Company's external auditor for the 2018 Financial Statements, PricewaterhouseCoopers, will be available to answer questions on the audit and the auditor's independence at the Company's Annual Shareholders' Meeting on 18 October 2018.

Internal Audit Function

The Audit & Risk Committee oversees an internal audit plan that is intended to:

- support the development and maintenance of governance and risk management processes
- challenge the Executive's and the Board's assessment of risk and the controls in place to manage the identified risks
- evaluate and test the effectiveness of controls in place to manage the identified risks

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.

Investor Information

The Board fosters constructive relationships with shareholders and encourages them to engage with the Company.

The Company provides information about itself and its governance to shareholders on the Company's website. All material information released to the NZX and ASX, including reports to shareholders, may be found on the website.

The Company's Shareholder Communications Policy sets out the manner of the Company's communications with shareholders. The aim of the communication strategy is to enable shareholders to engage with the Company in an informed manner and to be able to make assessments of the Company's prospects and value. The Market Disclosure Policy sets out the procedures that are followed to ensure disclosure is evenly balanced and that all parties in the investment community have similar access to information.

The Company's Chair is responsible for ensuring that shareholders' meetings are conducted efficiently and shareholders have adequate opportunity to air their views and to obtain answers to their queries.

Each shareholder in the Company has one vote per share owned. NZX's Listing Rules set out when shareholders have the right to vote on major decisions. Shareholders have the option of receiving their communications electronically, including by email or through the Company's investor centre. The Company's website also contains a section for electronic shareholder communications.

The Company issues its Notices of Meeting at least 28 days prior to the Company's annual meeting(s) of shareholders.