

CORPORATE GOVERNANCE STATEMENT 2018

Corporate Governance Statement

Regis Healthcare Limited (Regis) has adopted the 3rd edition of the ASX Corporate Governance Principles and Recommendations released in March 2014 (the ASX Principles and Recommendations).

As required by the ASX Listing Rules, this Statement discloses the extent to which Regis has followed the ASX Principles and Recommendations. Except where otherwise explained, Regis has followed the ASX Principles and Recommendation during the reporting period. This Statement should be read in conjunction with the information on our website (www.regis.com.au) including the 2018 Annual Report.

This Statement is current as at 31 August 2018 and has been approved by the Regis Healthcare Limited Board.

The Board has established a framework for managing Regis, including adopting relevant internal controls, risk management processes and corporate governance policies and practices that it believes are appropriate for Regis' business and that are designed to promote the responsible management and conduct of Regis.

The key policies and practices adopted by Regis are summarised below:

Board and management

Roles and Responsibilities

The Board monitors the operational and financial position and performance of Regis and oversees its business strategy including approving the strategic objectives, plans and budgets.

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of Regis. In conducting Regis' business with these objectives in mind, the Board seeks to ensure that Regis is properly managed to protect and enhance Shareholder interests, and that Regis, its Directors, officers and personnel operate in an appropriate environment of corporate governance.

The Board has adopted a formal Board Charter that details the Board's role, authority, responsibilities, membership and operations, and is available on our website at <https://www.regis.com.au/corporate-governance/>. The Charter sets out the matters specifically reserved to the Board and the powers delegated to Board Committees.

The Board delegates the responsibility for the day-to-day management of Regis to the Managing Director/CEO, but retains responsibility for the overall strategy, governance and performance of Regis.

The delegation to the Managing Director/CEO is governed by a formal Statement of Delegated Authority approved by the Board and a formal delegation to the Managing Director/CEO.

The Statement of Delegated Authority:

- a. summarises the matters reserved for determination by the Board and those matters delegated to the Managing Director/CEO; and
- b. sets out the process for sub-delegation by the Managing Director/CEO and the Regis Executive Team.

Under the Statement of Delegated Authority, the Board may impose limits on the conduct of the Managing Director/CEO and other managers in exercising their authority, and may change the authorities it has delegated to the Managing Director/CEO at any time.

Under the delegation framework, the Managing Director/CEO then delegates his authority to the senior executives for specific activities and transactions where appropriate.

This delegation framework is designed to ensure that:

- Decisions are made by the right people within Regis.
- There is clarity for holders of delegated authority.
- Business decisions are made in a timely fashion.
- People are not making decisions beyond their power.
- There is accountability of decision-making.

Board Appointment and Composition

The Remuneration and Nomination Committee established by the Board assists the Board with the selection and appointment of Directors. Before the Board appoints a new Director or puts forward a candidate for election to the Board, the Remuneration and Nomination Committee will ensure that appropriate background checks are undertaken where necessary.

An election of Directors occurs at each Annual General Meeting of the Company and we provide our shareholders with all material information in our possession that is relevant to their decision on whether or not to elect or re-elect a Director. This information is provided through a number of channels, including the Notice of Meeting for the Annual General Meeting, the Director résumé and other information contained in the Annual Report and presentations to the Annual General Meeting by candidates prior to the election taking place.

Upon appointment, each Director receives a letter of appointment which sets out the formal terms of their appointment, including a deed of indemnity, insurance and access.

Following appointment, as part of their induction Directors meet with the Managing Director/CEO and other Company executives where they are briefed on the Company's vision, values, strategy, financials, and governance frameworks. Induction to the Company also includes site visits to our aged care facilities and retirement villages. Directors are also able to attend ongoing professional development and training programs to enable them to develop and maintain their skills and knowledge.

Board skills and experience

The Board's objective is to have an appropriate mix of experience and expertise on the Board and Committees so that the Board is able to effectively discharge its corporate governance and oversight responsibilities.

The Board considers that collectively the Directors have the range of skills, knowledge and experience necessary to direct the Company with strong skills in the following areas:

Skill
Leadership
Public/Govt relations
Stakeholder management
Risk management
Strategy
Mergers and acquisitions
Information Technology
Listed Company Governance
Project Management
Human Resources
Remuneration
Aged/Healthcare knowledge
Accounting and finance
Building/facilities

Performance reviews

The Board is committed to formally evaluating its performance, the performance of its Committees and individual Directors, as well as the governance processes supporting the Board. The Board undertook a formal review of Board, Committee and Director performance in FY17. Due to the addition of three new directors in FY18, the review of performance was deferred to FY19 to ensure that all Directors have been on the Board a reasonable period prior to the review occurring.

Independence of the Board

The Board has formally adopted guidelines in relation to the criteria for independence of Directors.

Under these guidelines, Directors will be considered to be 'independent' if they are not members of management (a non executive director) and they:

- are not employed, or been previously employed in an executive capacity by the Company or another group member, or there has been a period of at least 3 years between ceasing such employment and serving on the Board;
- have not within the last three years been a partner, director or senior employee of a provider of material professional services to the Company or another group member;
- have not within the last three years been in a material business relationship (eg as a supplier or customer) with the Company or other group member or an officer of or otherwise associated directly or indirectly someone with such a relationship;
- are not a substantial shareholder of the Company, or officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;
- have no material contractual relationship with the Company or another group member, other than as a director of the Company;
- do not have close family ties with any person who falls within any of the categories described above;
- have not been a director of the entity for such a period that his or her independence may have been compromised; and
- are free from any interest, business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Corporate Governance Statement

The Board considers the materiality of the Directors' interests, position, association or relationship for the purposes of determining 'independence' on a case by case basis, having regard to both quantitative and qualitative principles.

Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- The Board will determine the appropriate base to apply (eg revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider a holding of 5% or more of the Company's shares to be material.
- In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular director should be reviewed by the Board.

The Board reviews the independence of each Director in light of interests disclosed to the Board.

During 2017/18, the Board's composition has changed:

- Graham Hodges was appointed to the Board on 25 August 2017;
- Trevor Gerber resigned from the Board on 1 November 2017;
- Christine Bennett and Matthew Quinn were appointed to the Board on 1 March 2018; and
- Mark Birrell resigned from the Board on 30 June 2018.

The Board considers that Non-Executive Directors Mark Birrell, Sylvia Falzon, Trevor Gerber, Graham Hodges, Christine Bennett and Matthew Quinn were independent and free from any business or any other relationship that could materially interfere with the independent exercise of their judgment and were able to fulfil the role of an independent Director for the purposes of the ASX Principles and Recommendations.

Prior to 1 March 2018 the Board composition did not meet the ASX Corporate Governance recommendation that the majority of Directors should be independent. Notwithstanding this:

- the Chairman of the Board was at all times independent;
- all Board committees are chaired by an independent Director and throughout the financial year there has been a majority of independent Directors on all Board committees;
- the non-independent Directors comprise the 2 company founders and the Managing Director/CEO who collectively bring considerable skills and experience to the Board;
- there are procedures in place to manage any actual or potential conflicts of interest that may arise. These include procedures to ensure that directors are not present and do not vote on matters where that would be prohibited by the *Corporations Act 2001* (Cth).

With the appointment of Professor Bennett and Mr Quinn on 1 March 2018, the composition of the Board meets the ASX Corporate Governance recommendation that the majority of Directors should be independent.

Details regarding each of the Directors in office during the year, including their expertise, qualifications and length of service, are set out in the 2018 Annual Report.

Company secretary

The Company Secretary is appointed by and is accountable to the Board through the Chairman on all matters regarding the proper functioning of the Board. This includes assisting the Board and its Committees with meetings and Directors' duties, advising the Board on corporate governance matters and acting as the interface between the Board and the Managing Director/CEO.

The roles of the Company Secretary are set out in the Board Charter.

Details regarding the Company Secretary, including his expertise and qualifications, are set out in the 2018 Annual Report.

Senior executives

Senior Executives of Regis are appointed by the Managing Director/CEO.

Each Senior Executive is subject to target performance levels which are set at the beginning of the year and assessed annually. These performance targets are reviewed annually by the Managing Director/CEO and reviewed and approved by the Board following review and recommendation by the Remuneration and Nomination Committee.

The performance of Senior Executives is evaluated annually against these performance targets. A performance evaluation of Senior Executives was undertaken during the reporting period in accordance with this process.

Remuneration

Information regarding the remuneration framework for Regis' Directors and Senior Executives and the Company's policies and practices in relation to performance based remuneration is set out in the Remuneration Report in the 2018 Directors' Report.

The Company's executive reward framework is designed to ensure that reward for performance is competitive and appropriate for the results delivered. To this end, the framework aims to align executive reward with achievement of strategic objectives and the creation of value for shareholders and provides a mix of fixed and variable pay, delivered in a combination of cash and deferred equity.

In FY17, the Remuneration and Nomination Committee recommended the introduction of a revised remuneration structure for Senior Executives who were participating in the LTI plan, which combined the existing STI and LTI plans into one Variable Reward and Retention Plan (**VRRP**). Under the VRRP, performance is assessed over a 12 month period to provide greater focus on short and long term measures directly linked to our strategic plan. The Board implemented the VRRP from FY18.

To maintain Director independence, the remuneration of Non-executive Directors is not linked to Company performance and is comprised solely of Directors' fees (including superannuation).

Board committees

The Board recognises the importance of an appropriate committee structure to assist the efficient and effective operation of the Board.

At the date of this statement, the Board has two committees. These are the:

- Audit, Risk and Compliance Committee; and
- Remuneration and Nomination Committee.

Members of the Audit, Risk and Compliance Committee during the 2018 Financial year were Graham Hodges (Chairman), Mark Birrell, Bryan Dorman, Sylvia Falzon and Matthew Quinn. Following the appointment of Graham Hodges as Board Chairman on 1 July 2018, Sylvia Falzon became Committee Chairman.

Members of the Remuneration and Nomination Committee during the 2018 Financial year were Sylvia Falzon (Chairman), Graham Hodges, Christine Bennett and Ian Roberts. Christine Bennett was appointed Committee Chairman on 1 July 2018.

Each Committee has adopted a formal Board approved Charter that details its role, authority, responsibilities, membership and operations. The Committee Charters are reviewed annually and are available on our website at <https://www.regis.com.au/corporate-governance/>.

The Chairman of each Committee reports to the Board meeting following each Committee meeting on matters relevant to the Committee's role and responsibilities and the minutes of each meeting are made available to the full Board unless a Director is otherwise excluded due to a potential conflict.

Directors, including the Managing Director/CEO, who are not Committee members, have a standing invitation to attend Committee meetings unless that Director is excluded due to a potential conflict.

Details of the number of Board and Committee meetings held during the 2018 Financial Year and attendance by Directors are as follows

	Directors' Meetings		Audit, Risk and Compliance Committee		Remuneration and Nomination Committee	
	Held ¹	Attended ²	Held ¹	Attended ²	Held ¹	Attended ²
M Birrell	10	10	4	4	6	6
R Johnston	10	10	-	-	-	-
C Bennett	5	5	-	-	2	2
B Dorman	10	10	4	4	-	-
S Falzon	10	10	4	4	6	6
T Gerber	2	1	1	1	2	2
G Hodges	9	9	3	3	4	4
M Quinn	5	5	1	1	-	-
I Roberts	10	10	-	-	6	6

¹ Reflects the number of meetings held in the time the Director held office during the year.

² Reflects the number of meetings attended by the Director.

During 2018/19, the Board will review the Committee structure and membership to ensure the Board continues to discharge its duties effectively.

Corporate Governance Statement

Corporate reporting and risk management

Chief Executive Officer declaration

Prior to the approval of the 2018 full year financial results by the Board, the Managing Director/CEO and Chief Financial Officer provided a declaration to the Board that, in their opinions, the 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 the Company, and this opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External auditor

The Company's external auditor is Ernst & Young. Ernst & Young is supplied with papers and minutes from each Audit, Risk and Compliance Committee meeting and attend all Committee meetings. Ernst & Young representatives are also available to all Audit, Risk and Compliance Committee members.

A representative from Ernst & Young attends the Annual General Meeting each year to answer questions from Shareholders in relation to the audit of the Regis accounts. Ernst & Young's Independence Declaration is contained in the Director's Report in the 2018 Annual Report.

Internal audit

The Company did not have an internal audit function during the reporting period and utilised a program of reviews by its internal Compliance team and targeted reviews by external consultants to evaluate and improve the effectiveness of its risk management and internal control processes.

Regular reporting in relation to these reviews is provided to the Audit, Risk and Compliance Committee.

Risk management

As noted, the Board has established an Audit, Risk and Compliance Committee which assists the Board in carrying out its accounting, auditing and financial reporting responsibilities.

The Committee's Charter provides that the Committee must comprise only Non-Executive Directors, a majority of independent Directors, a minimum of three Directors and an independent Chairman who is not Chairman of the Board. Following Trevor Gerber and Mark Birrell's resignation, and Graham Hodges and Matthew Quinn's appointment to the Board, the Audit, Risk and Compliance Committee comprises:

- Sylvia Falzon (Chairman);
- Bryan Dorman;
- Graham Hodges; and
- Matthew Quinn

Details regarding each Committee member's qualifications and experience are set out in the 2018 Annual Report.

All Directors have a standing invitation to attend Committee meetings. Other non-Committee members, including members of management and the external auditor, may attend meetings of the Committee by invitation of the Committee Chairman.

A copy of the Committee's Charter is available on Regis' website at <https://www.regis.com.au/corporate-governance/>.

The Regis Healthcare Risk Management Procedure is approved by the Board and the risk management framework was reviewed during the 2018 reporting period.

The Risk Management Procedure provides for a full review of enterprise risks by the Executive team annually with regular reporting to the Audit, Risk and Compliance Committee in relation to risk treatment.

These risks are managed under the Risk Management Procedure and Risk Management Policy approved by the Board under which:

- Executive risk owners are responsible for documenting existing controls, proposed mitigating actions and residual risk ratings in accordance with the risk management procedure.
- Risk treatments of high and significant risks and details of new or previously unrecognized risks identified by management are reviewed regularly by the Audit, Risk and Compliance Committee.

Remuneration and nomination

The Board has established a Remuneration and Nomination Committee which is responsible for matters relating to succession planning, nomination of the Non-Executive Directors and remuneration of the Non-Executive Directors, the Managing Director/ CEO and Senior Executives reporting to the Managing Director/ CEO.

The Committee's charter provides that the Committee must consist of only Non-Executive Directors, a majority of independent Directors, a minimum of three Directors, and an independent Director as Chairman. Following Trevor Gerber and Mark Birrell's resignation, and Graham Hodges, Matthew Quinn and Christine Bennett's appointment to the Board, the current members of the Committee are:

- Christine Bennett (Chairman);
- Sylvia Falzon;
- Graham Hodges;
- Matthew Quinn; and
- Ian Roberts.

All Directors have a standing invitation to attend Committee meetings. Other non-committee members, including members of management, may attend meetings of the Committee by invitation of the Committee Chairman.

A copy of the Committee's charter is available on Regis' website at <https://www.regis.com.au/corporate-governance/>.

Responsible and ethical behaviour

Continuous disclosure policy

The Company places a high priority on communication with Shareholders and is aware of the obligations under the Corporations Act and the ASX Listing Rules, to keep the market fully informed of any information concerning the Company that is not generally available and that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company has adopted a Continuous Disclosure Policy that establishes procedures to ensure that Directors and senior management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

A copy of the Policy is available on Regis' website at <https://www.regis.com.au/corporate-governance/>.

Dealing in securities

The Company has adopted a Policy for Dealing in Securities which sets out the types of conduct in dealings in securities that are prohibited under the Corporations Act and establishes a best practice procedure for the trading of securities that protects the Company and Directors and employees against the misuse of unpublished information that could materially affect the value of securities.

The Policy applies to all Directors, officers and Senior Executives of the Company and its related bodies corporate, other designated employees specified by the Board and connected persons of Directors, officers, Senior Executives and designated employees.

A copy of the Policy is available on Regis' website at <https://www.regis.com.au/corporate-governance/>.

Code of conduct

The Board is committed to a high level of integrity and ethical standards in all business practices.

Accordingly, the Board has adopted a formal Code of Conduct which reflects the Company's values of integrity, honesty, and respect. The Code outlines how Regis expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All employees of Regis (including temporary employees, contractors and Directors) must comply with the Code of Conduct.

Employees are encouraged to report unlawful or unethical conduct under the Company's Whistleblower Protection Policy to the Company Secretary or the Company's independent reporting hotline.

A copy of the Code is available on Regis' website at <https://www.regis.com.au/corporate-governance/>.

Diversity

The Board has formally approved a Diversity Policy in order to address the representation of women in management positions and on the Board, and to actively facilitate a more diverse and representative management and leadership structure.

In June 2017, the Board formally approved the following objectives under the Diversity Policy for financial year 2018:

1. Overall, the proportion of females shortlisted for all role vacancies that report to an Executive should be monitored with a proposed target of 50% (calculated across all senior roles, not by individual role).
2. Increase the proportion of promotions filled by internal candidates
3. Pay equity for senior managers to be reviewed annually with corrective action to be implemented in the event of any anomalies
4. Strategies to support employees experiencing family violence to be monitored for suitability and uptake.

A summary of the Company's progress towards achieving the measurable objectives set out under the Diversity Policy and details of the measurable objectives set under the Diversity Policy for the next financial year are contained in the 2018 Annual Report.

A copy of the Diversity Policy is available on Regis' website at <https://www.regis.com.au/corporate-governance/>.

The following table sets out the proportions of men and women on the Board, in Senior Executive positions and across the whole group as at the end of the reporting period.

	Female	Male
Board	28.5%	71.5%
Senior Executives*	44.44%	55.56%
All Employees	79.43%	20.57%

*Executives reporting to the Managing Director/CEO.

Sustainability

Sustainability is the integration of environmental, social and governance (ESG) factors into the Company's decision making to create short and long term shareholder value.

The Company's risk management processes have considered economic, environmental and social sustainability risk in the areas of:

- Quality/clinical compliance
- Workplace Health and Safety
- Staff Recruitment and Retention
- Corporate governance

Corporate Governance Statement

These risks are managed under the Risk Management Procedure and Risk Management Policy approved by the Board under which:

- Executive risk owners are responsible for documenting existing controls, proposed mitigating actions and residual risk ratings in accordance with the risk management procedure.
- Risk treatments of high and significant risks and details of new or previously unrecognized risks identified by management are reviewed regularly by the Audit, Risk and Compliance Committee.

During the process of updating Risk Treatment Plans:

- Executive risk owners consider new and emerging risks not on the register; and
- a re-assessment of low and moderate risks is undertaken with risk owners testing whether there have been any changes to the likelihood or consequence of their risks which increase inherent risk ratings.

During the reporting period, the Board approved Regis' Environmental Sustainability Policy and Statement and in conjunction with our annual report this year, Regis will be publishing its first Sustainability Report. The Sustainability Report can be viewed at <https://www.regis.com.au/sustainability>

Communications with shareholders

The Company has a commitment to ensuring that Shareholders are kept informed of all major developments affecting the state of affairs of the Company, including information necessary to assess the performance of the Directors.

In addition to the Company's continuous disclosure obligations, the Company recognises that current and potential investors wish to obtain information about the Company from time to time. To this end the Company has an investor relations program managed by our Executive General Manager, Investor Relations. Under this program the Company communicates information regularly to Shareholders and other stakeholders through a range of forums and publications, including:

- The Annual Report distributed to shareholders;
- The Half Yearly Report which is available on the company's web site;
- The Annual General Meeting.
- Letters to shareholders when considered to be appropriate and informative;
- Announcements to the ASX; and
- Investor information through the Company's website at www.regis.com.au.

All ASX announcements made to the market, including annual and half year financial results, are posted on the Company's website as soon as practicable following the release by the ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report and copies of all investor presentations made to analysts and media briefings are also posted on the Company's website following release to the ASX. The website also contains a facility for the Shareholders to direct queries to the Company.

The program facilitates two-way communication with investors, with shareholders able to contact the Executive General Manager, Investor Relations or ask questions through the Company's website. Shareholders are also able to communicate with Directors and Senior Executives at the Annual General Meeting which is held at a time and place to maximise the opportunity for shareholders to attend and participate in meetings.

The Shareholders of the Company are responsible for voting on the election of Directors at the Annual General Meeting in accordance with the Constitution. All Directors (other than the Managing Director/CEO) are subject to re-election by rotation, no later than every three years. The Annual General Meeting also provides Shareholders with the opportunity to express their views on matters concerning the Company and to vote on other items of business for resolution by Shareholders.

The Company's auditors, make available a partner of the firm, to be in attendance at the Annual General Meeting and to be available to answer Shareholder questions in relation to the audit.

Shareholders are given the option to, and are encouraged to, receive communications from, and send communications to, the Company and its security registry electronically.