



12 August 2024

Corporate Governance Statement

HCW Funds Management Limited (AFSL 239882) (**RE**) as responsible entity for the HealthCo Healthcare and Wellness REIT (**HealthCo**) (together, the **Group**) provides this Corporate Governance Statement which discloses the extent to which the Group follows the recommendations set by the ASX Corporate Governance Council in its publication "Corporate Governance Principles and Recommendations (the Fourth Edition)", *ASX Corporate Governance Council*, as revised in February 2019 (**Recommendations**). The Recommendations are not prescriptive, but guidelines against which entities have to report on an "if not, why not" basis. Under the ASX Listing Rules, HealthCo is required to disclose the extent of its compliance with the Recommendations for each reporting period.

The RE regards good corporate governance as a fundamental component of the RE's commitment to its unitholders and the board of the RE (**Board**) strives to ensure that high standards of governance are met. This Corporate Governance Statement discloses the extent to which HealthCo followed the Recommendations during the period from 1 July 2023 to 30 June 2024.

The RE of HealthCo is an ultimately owned subsidiary of the ASX-listed entity HMC Capital Limited (ASX: HMC). HealthCo complies with all of the Recommendations applicable to it as an externally managed listed entity.

Information on HealthCo's governance practices together with copies of relevant charters and policies such as the Board Charter, Audit and Risk Committee Charter, Code of Conduct, Continuous Disclosure Policy, Whistleblower Policy and Securities Trading Policy can also be found in the 'Corporate Governance' section of HealthCo's website at: <https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/>

References in this Corporate Governance Statement to the Product Disclosure Statement (**PDS**) are to the PDS dated 2 August 2021 that was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date, a copy of which is available here: <https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/>

This statement is current as at 30 June 2024 and has been approved by the Board.

Principle / Recommendations**How the RE or HealthCo Complies****Principle 1: Lay solid foundations for management and oversight**

A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

Recommendation 1.1 (for externally managed listed entities):

The responsible entity of an externally managed listed entity should disclose:

- (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and
- (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.

HealthCo is managed under the supervision and direction of the board of the RE (**Board**). The primary function of the Board is to ensure that HealthCo is managed in the best interests of unitholders.

Although the Board retains overall responsibility for the management of HealthCo, under the Investment Management Agreement and the Property and Development Management Agreement, the RE has engaged HMC Investment Management Pty Limited (**HMC IM**) and HMC Property Management Pty Limited (**HMC PM**) (together, the **Manager**) to provide, or procure the provision of all necessary services and resources to the RE to enable it to carry out its obligations in respect of HealthCo. Key terms of these management agreements are summarised in the PDS, a copy of which is available here: <https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/>

HMC IM and HMC PM are wholly owned subsidiaries of HMC Capital Limited (**HMC Capital**).

All matters, unless specifically reserved for the Board, necessary for the day-to-day management of HealthCo are delegated to the Manager.

The Board's responsibilities are defined in the Board Charter and there is a clear delineation between the function reserved to the Board and those conferred upon the Manager.

In accordance with the Board Charter, the Board has the following specific responsibilities:

- demonstrating leadership, defining the Group's purpose and setting the strategic objectives of the Group;
- approving the Group's statement of values and Code of Conduct to underpin the desired culture within the Group;
- overseeing the Manager's implementation of the Group's strategic objectives, instilling its values and its performance generally;
- through the Chair, overseeing the role of the Company Secretary;

Principle / Recommendations**How the RE or HealthCo Complies**

- satisfying itself that an appropriate framework exists for relevant information to be reported by the Manager to the Board;
- whenever required, challenging the Manager (and their management teams) and holding them to account;
- overseeing the administration of the Investment Management Agreement and the Property and Development Management Agreement;
- overseeing the integrity of the Group's accounting and corporate reporting systems, including the external audit;
- overseeing HealthCo's process for making timely and balanced disclosure to the ASX of all material information concerning it that a reasonable person would expect to have a material effect on the price or value of the Group's securities;
- with the assistance of the Audit and Risk Committee, satisfying itself that the Group has in place an appropriate risk framework (for both financial and non-financial risks) and setting the risk appetite with which the Board expects the Manager to operate;
- determining the Group's distribution policy, the amount and timing of all distributions and the operation of HealthCo's distribution re-investment plan (if any);
- evaluating, approving and monitoring operating budgets, major capital expenditure, capital management and all major acquisitions, divestitures and other corporate and financing transactions, including the issue of units of HealthCo;
- approving financial reports, profit forecasts and other reports required at law or under the ASX Listing Rules to be adopted by the Board;
- ensuring that the Group maintains a commitment to promoting diversity in the workplace;
- performing such other functions as are prescribed by law or nominated by the Board from time to time; and

| Principle / Recommendations | How the RE or HealthCo Complies |
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| | <ul style="list-style-type: none"> reviewing the performance and effectiveness of the Group's governance practices, policies and procedures. <p>The Board Charter is available at https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/</p> |
| <p>Recommendation 1.2:</p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a director or senior executive, or putting someone forward for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p> | <p>Not applicable as HealthCo is externally managed.</p> <p>The directors of the Board are appointed by HMC Capital (as the RE is a wholly owned subsidiary of HMC Capital).</p> <p>However, prior to appointment, or recommendation for appointment, as a director, appropriate background checks and assessments, including police and bankruptcy background checks, the provision of business references and an assessment of experience and employment history, are carried out by HMC Capital.</p> |
| <p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p> | <p>Not applicable as HealthCo is externally managed.</p> <p>However, the RE and HMC Capital ensure that all directors and senior executives providing services to HealthCo have a letter of appointment setting out the remuneration, right to the provision for a deed of access and indemnity, term of appointment, disclosure obligations in relation to personal interests, confidentiality obligations and, in the case of directors, expectations regarding meetings and committees.</p> |
| <p>Recommendation 1.4:</p> <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p> | <p>Not applicable as HealthCo is externally managed.</p> <p>However, the Company Secretary of the RE is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for:</p> <ul style="list-style-type: none"> advising the Board and its committees on governance matters; monitoring that Board and committee policies and procedures are followed; coordinating the timely completion and despatch of Board and committee papers; |

| Principle / Recommendations | How the RE or HealthCo Complies |
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| | <ul style="list-style-type: none"> • ensuring that the business at Board and committee meetings is accurately captured in the minutes; • facilitating the provision of independent legal advice that the Board may request; and • organising and facilitating the induction and professional development of directors and his or her own professional development. |
| <p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>(a) have and disclose a diversity policy ;</p> <p>(b) through its board or a committee of the board, set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally;</p> <p>(c) disclose in relation to each reporting period; and</p> <p style="padding-left: 40px;">(1) the measurable objectives set for that period to achieve gender diversity;</p> <p style="padding-left: 40px;">(2) the entity's progress towards achieving those objectives; and</p> <p style="padding-left: 40px;">(3) either:</p> <p style="padding-left: 80px;">(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined “senior executive” for these purposes); or</p> <p style="padding-left: 80px;">(B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under the Act.</p> | <p>Not applicable as HealthCo is externally managed, does not directly employ any personnel and HMC Capital is responsible for the composition of the Board, senior executives and the workforce generally.</p> <p>However, the Board refers to, and supports, HMC Capital’s Diversity Policy which is available here: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/</p> <p>The Board currently comprises three female directors and three male directors.</p> <p>The Board will continue to give consideration to diversity (among other factors) in future appointments to the Board.</p> |

| Principle / Recommendations | How the RE or HealthCo Complies |
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| <p>Recommendation 1.6</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during the year or in respect of that period.</p> | <p>Not applicable as HealthCo is externally managed.</p> <p>However, each individual member of the Board and the Audit and Risk Committee, as well as the Board and the Audit and Risk Committee as a whole, reviews its own performance annually.</p> |
| <p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p> | <p>Not applicable as HealthCo is externally managed.</p> <p>The Board is responsible for reviewing the performance of the Manager.</p> <p>Senior executives of the Manager, who have day-to-day responsibility for the business activities of HealthCo, are employees of the Manager. As part of HMC Capital's policies and procedures, senior executive performance is assessed against performance criteria at least annually.</p> |
| <p>Principle 2: Structure the board to be effective and add value</p> <p><i>The Board of a listed entity should be of an appropriate size and collective have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.</i></p> | |
| <p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p style="padding-left: 20px;">(1) has at least three members, a majority of whom are independent directors; and</p> <p style="padding-left: 20px;">(2) is chaired by an independent director;</p> <p>and disclose</p> <p style="padding-left: 20px;">(3) the charter of the committee;</p> <p style="padding-left: 20px;">(4) the members of the committee; and</p> | <p>Not applicable as HealthCo is externally managed. In particular, it is not considered necessary to have a nomination committee given that the directors of the Board are appointed by HMC Capital (as the RE is a wholly owned subsidiary of HMC Capital).</p> <p>The board of HMC Capital is responsible for overseeing the appointment of directors to the RE and has set out the following criteria:</p> <ul style="list-style-type: none"> • a majority of directors must be independent, including the Chair; and • the Board is comprised of directors with an appropriate range of qualifications and experience. |

| Principle / Recommendations | How the RE or HealthCo Complies |
|---|---|
| <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | |
| <p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p> | <p>Not applicable as HealthCo is externally managed.</p> <p>However, the Board has been appointed by HMC Capital with regard to the mix and skills of each director. The Board is currently made up of members with a broad range of skills, expertise and experience and from a diverse range of backgrounds, which the Board believes is appropriate to address existing and emerging business and governance issues relevant to HealthCo.</p> |
| <p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p> | <p>The RE assesses the independence of directors against the requirements for independence set out in the Board Charter and the independence criteria set out in the ASX Corporate Governance Principles and Recommendations.</p> <p>As at the date of this statement, four Board members are independent directors (Joseph Carrozzi AM, Natalie Meyenn, Dr Chris Roberts AO and Stephanie Lai). In determining the independence of its directors, HMC Capital has had regard to the guidelines provided by Principle 2.3 of the Recommendations. The Board considers a director to be independent if they are free of any interest, position, or relationship (including with the Manager), that could materially interfere with, or could reasonably be perceived to materially interfere with their capacity to bring an independent judgement to bear on issues before the Board and act in the best interests of the Group as a whole rather than in the interests of an individual unitholder or other party.</p> <p>The remaining two members of the Board (The Hon. Kelly O’Dwyer and David Di Pilla) are not considered to be independent due to their positions as directors of HMC Capital, their ownership interests in securities of HMC Capital and HealthCo and, in the case of David Di Pilla, his material business relationship with, and position as key management personnel of, HMC Capital.</p> |

| Principle / Recommendations | How the RE or HealthCo Complies |
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| | <p>HMC Capital, having regard to the RE's stage of development and the collective experience and expertise of the Directors, considers the current composition of the Board appropriate.</p> <p>The length of service of each director on the Board is as follows:</p> <ul style="list-style-type: none"> (a) David Di Pilla: 28 July 2021 - present (b) Joseph Carrozzi AM: 1 August 2021 - present (c) Natalie Meyenn: 1 August 2021 - present (d) Dr Chris Roberts AO: 1 August 2021 - present (e) Stephanie Lai: 1 August 2021 - present (f) The Hon. Kelly O'Dwyer: 1 August 2021 - present |
| <p>Recommendation 2.4:</p> <p>A majority of the board of a listed entity should be independent directors.</p> | <p>Not applicable as HealthCo is externally managed.</p> <p>However, the board has six directors, of whom four are considered by the Board and HMC Capital to be independent. HMC Capital currently considers this to be the optimal Board composition given the current size and business of the RE and HealthCo.</p> |
| <p>Recommendation 2.5:</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p> | <p>Not applicable as HealthCo is externally managed.</p> <p>However, the Chair of the Board, Joseph Carrozzi AM, is an independent director.</p> |
| <p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p> | <p>Not applicable as HealthCo is externally managed.</p> <p>However, all Directors receive an induction or orientation program which includes relevant information on the RE and HealthCo.</p> <p>Ongoing training for the directors includes site visits and annual continuing professional development programs to enhance skills and knowledge.</p> |

| Principle / Recommendations | How the RE or HealthCo Complies |
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| <p>Principle 3: Instil a culture of acting lawfully, ethically and responsibly</p> <p><i>A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.</i></p> | |
| <p>Recommendation 3.1</p> <p>A listed entity should articulate and disclose its values.</p> | <p>HealthCo's values of integrity, respect, alignment and accountability are stated and reinforced by HMC Capital's Code of Conduct, which applies to HealthCo. HMC Capital's Code of Conduct and its other corporate governance policies are available on HealthCo's website: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/</p> |
| <p>Recommendation 3.2</p> <p>A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code.</p> | <p>HealthCo does not employ personnel. However, HealthCo refers to, and supports, HMC Capital's Code of Conduct which applies to all executive and non-executive directors, officers, employees, consultants, advisers and contractors of the Group (including the Manager). The HMC Capital Code of Conduct applies to all such persons at any time when business is conducted on and/or away from a person's principal place of employment and in all of HMC Capital's workplaces.</p> <p>The HMC Capital Audit and Risk Committee is informed of material breaches of the Code of Conduct and has responsibility to ensure that HMC Capital monitors and ensures compliance by HMC Capital's employees with the Code of Conduct. The HealthCo Audit and Risk Committee is informed of material breaches of the Code of Conduct that apply to HealthCo.</p> <p>The HMC Capital Code of Conduct is available on the HealthCo website: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/</p> |
| <p>Recommendation 3.3</p> <p>A listed entity should:</p> <p>(a) have and disclose a whistleblower policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material incidents reported under the policy.</p> | <p>The Board has adopted a Whistleblower Policy. The Whistleblower Policy is available on the HealthCo website: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/</p> <p>The Audit and Risk Committee will receive reports about material incidents reported under the Whistleblower Policy from the Manager and oversee related investigations.</p> |
| <p>Recommendation 3.4</p> <p>A listed entity should:</p> | <p>The Board has adopted an Anti-Corruption Compliance Policy. The Anti-Corruption Compliance Policy is available on the HealthCo website:</p> |

| Principle / Recommendations | How the RE or HealthCo Complies |
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| <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that policy.</p> | <p>https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/</p> <p>The Anti-Corruption Compliance Policy applies to all executive and non-executive directors, officers, employees, consultants, advisers and contractors of the Group (including the Manager).</p> <p>The Audit and Risk Committee will receive reports about material breaches of the Anti-Corruption Compliance Policy from the Manager and oversee related investigations.</p> |
| <p>Principle 4: Safeguard the integrity of corporate reports</p> <p><i>A listed entity should have appropriate processes to verify the integrity of its corporate reports.</i></p> | |
| <p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, <p>and disclose:</p> <ul style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the</p> | <p>The Board has established an Audit and Risk Committee to assist in the Board overseeing the integrity of HealthCo’s financial reporting, risk management framework and the independence of external auditors, and monitoring compliance with legal, regulatory and policy requirements.</p> <p>A majority of the directors on the Audit and Risk Committee are independent directors as required by ASX Recommendation 4.1 and 7.1 and the Audit and Risk Committee is chaired by an independent director, who is not the Chair of the Board. The Committee is currently comprised of Stephanie Lai (as Chair), Joseph Carrozzi AM and Natalie Meyenn.</p> <p>The qualifications and experience of the members of the Audit and Risk Committee are set out in HealthCo’s FY24 Annual Financial Report.</p> <p>The Audit and Risk Committee has a formal charter which sets out the Committee's responsibilities and functions (see also Recommendation 7.1 which summarises those responsibilities and functions). A copy of the Audit and Risk Committee Charter is available on the HealthCo website: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/</p> |

| Principle / Recommendations | How the RE or HealthCo Complies |
|---|---|
| <p>appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | <p>The number of times the Audit and Risk Committee met throughout FY24 and the individual attendance of the members at those meetings are set out in HealthCo's FY24 Annual Financial Report.</p> |
| <p>Recommendation 4.2:</p> <p>The board of a listed entity should, before it approves the entity's financial statements, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity 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 entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> | <p>Prior to approving HealthCo's financial statements, the Board ensures that it receives from the Group Chief Executive Officer of HMC Capital, the Chief Financial Officer of HealthCo and the Fund Manager of HealthCo a declaration that, in their opinion, the financial records of HealthCo 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 entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> |
| <p>Recommendation 4.3:</p> <p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p> | <p>There are various processes in place to review and confirm the accuracy and reasonableness of disclosures contained in any periodic corporate report HealthCo releases to the market that is not audited or reviewed by an external auditor, which are tailored based on the nature of the relevant report, its subject matter and where it will be published. However, HealthCo seeks to adhere to the following general principles with respect to the preparation and verification of its corporate reporting:</p> <ul style="list-style-type: none"> • periodic reports should be prepared by, or under the oversight of, the relevant subject matter expert (either internal or external, as applicable) for the matter being reported on; • the relevant report should comply with any applicable law and regulations; • the relevant report should be reviewed (including any underlying data) with regard to ensuring it is not inaccurate, false, misleading or deceptive; • relevant reports are authorised for release by the person/body required by law or entity policy. |

| Principle / Recommendations | How the RE or HealthCo Complies |
|---|--|
| <p>Principle 5: Make timely and balanced disclosure</p> <p><i>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</i></p> | |
| <p>Recommendation 5.1:</p> <p>A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.</p> | <p>The Board has adopted a Continuous Disclosure Policy to ensure that HealthCo complies with its disclosure obligations under the <i>Corporations Act 2001</i> (Cth) (Act) and the ASX Listing Rules.</p> <p>The Continuous Disclosure Policy applies to all executive and non-executive directors, officers, employees, consultants, advisers and contractors of the Group (including the Manager).</p> <p>The Continuous Disclosure Policy is available on the HealthCo website: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/</p> |
| <p>Recommendation 5.2</p> <p>A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p> | <p>The Continuous Disclosure Policy requires that all directors receive copies of all material market announcements promptly after they have been made.</p> <p>The Continuous Disclosure Policy is available on the HealthCo website: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/</p> |
| <p>Recommendation 5.3</p> <p>A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</p> | <p>The Board has adopted a Unitholder Communication Policy which requires that before a new or substantive presentation to analysts or institutional investors, the presentation materials will be released to ASX and posted on the HealthCo website, regardless of whether the presentation contains material new information required to be disclosed under ASX Listing Rule 3.1.</p> <p>The Unitholder Communication Policy is available on the HealthCo website: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/</p> |
| <p>Principle 6: Respect the rights of security holders</p> <p><i>A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as unitholders effectively.</i></p> | |
| <p>Recommendation 6.1:</p> | <p>The Board has adopted a Unitholder Communication Policy.</p> |

| Principle / Recommendations | How the RE or HealthCo Complies |
|---|---|
| <p>A listed entity should provide information about itself and its governance to investors via its website.</p> | <p>The RE and HealthCo intends to provide all relevant information about itself and the governance of HealthCo at https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/ as required by the Recommendations, the ASX Listing Rules, and other laws applicable to HealthCo.</p> <p>The various governance policies specifically applicable to, and adopted by, the HealthCo can be found at: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/</p> |
| <p>Recommendation 6.2:</p> <p>A listed entity should have an investor relations program that facilitates effective two-way communication with investors.</p> | <p>The Unitholder Communication Policy supports the RE's commitment to effective communication with its unitholders.</p> <p>HealthCo facilitates two-way communication with unitholders, with unitholders able to contact HealthCo's registry and HealthCo by phone or email. Unitholders are also able to communicate with directors and executives of HealthCo at unitholder meetings.</p> <p>In addition, the RE communicates with its unitholders through:</p> <ul style="list-style-type: none"> (a) HealthCo's annual and half-yearly reports; (b) market releases to the ASX in accordance with continuous disclosure obligations; (c) the investor relations section of the HealthCo website; and (d) any unitholder meetings. <p>The Unitholder Communication Policy is available on the HealthCo website: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/</p> |
| <p>Recommendation 6.3:</p> <p>A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p> | <p>HealthCo encourages unitholders to participate in unitholder meetings by allowing unitholders a reasonable opportunity to ask questions during the meeting and allowing unitholders to lodge proxies electronically. HealthCo conducts all voting on substantive resolutions at unitholder meetings on a poll, ensuring that voting outcomes reflect proportionate holdings of all unitholders who vote (whether in person or by proxy or other representative).</p> |

| Principle / Recommendations | How the RE or HealthCo Complies |
|---|---|
| | HealthCo's constitution and Unitholder Communication Policy are available on the HealthCo website: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/ |
| <p>Recommendation 6.4:</p> <p>A listed entity should ensure that all substantive resolutions at a meeting of unitholders are decided by a poll rather than by a show of hands.</p> | As noted above, HealthCo conducts all voting on substantive resolutions at unitholder meetings on a poll. |
| <p>Recommendation 6.5</p> <p>A listed entity should give unitholders the option to receive communications from, and send communications to, the entity and its securities registry electronically.</p> | <p>The Unitholder Communication Policy is available on the HealthCo website: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/.</p> <p>The policy encourages unitholders to receive communications electronically by registering their email address with the registry. The Group has also provided an email address for the registry to enable unitholders to send the registry communications electronically.</p> |
| <p>Principle 7: Recognise and manage risk</p> <p><i>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</i></p> | |
| <p>Recommendation 7.1:</p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, <p>and disclose:</p> <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and | <p>The Board has established the Audit and Risk Committee to oversee and review the effectiveness of HealthCo's risk management framework.</p> <p>The Audit and Risk Committee is currently comprised of Stephanie Lai (as Chair), Joseph Carrozzi AM and Natalie Meyenn and the committee is chaired by an independent director.</p> <p>The majority of the directors on the Audit and Risk committee are independent Directors as required by ASX Recommendation 4.1 and 7.1.</p> <p>The Board has adopted a formal charter setting out the main responsibilities and functions of the Audit and Risk Committee. A copy of the Audit and Risk Committee Charter is available on the HealthCo website: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/</p> |

| Principle / Recommendations | How the RE or HealthCo Complies |
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| <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | <p>The Audit and Risk Committee's specific responsibilities relating to risk management include:</p> <ul style="list-style-type: none"> • preparing a risk profile which describes the material business risks facing HealthCo including financial and non-financial matters; • regularly reviewing and updating the material risk profile; • reviewing the effectiveness of the risk management framework; • reviewing internal controls for identifying, determining, monitoring and managing material business risks; and • recommending to the Board any changes to HealthCo's internal control, risk appetite and risk management framework from time to time as appropriate. <p>The number of times the Audit and Risk Committee met throughout FY24 and the individual attendance of the members at those meetings are set out in HealthCo's FY24 Annual Financial Report.</p> <p>See also Recommendation 4.1.</p> |
| <p>Recommendation 7.2</p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p> | <p>The Audit and Risk Committee oversees and reviews the effectiveness of the HealthCo's risk management framework at least annually to satisfy itself that it continues to be sound and that HealthCo is operating with due regard to the risk appetite set by the Board.</p> <p>The Audit and Risk Committee has reviewed the HealthCo's risk management framework for the reporting period ended 30 June 2024.</p> |
| <p>Recommendation 7.3:</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> | <p>In FY24 HMC Capital received co-sourced internal audit services from a suitably qualified internal audit firm to assist HMC Capital (including the funds it manages) to establish an independent, risk-based internal audit function for FY24. This included the development of an initial internal audit plan for FY24 and beyond, in collaboration with management and with reference to risk profiles. The internal audit function has direct access to the Audit and Risk Committee. Results of the internal audit reviews are provided to the Audit and</p> |

| Principle / Recommendations | How the RE or HealthCo Complies |
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| <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p> | <p>Risk Committee who review the results of internal audits undertaken, any issues raised and monitors management’s responsiveness to internal audit findings. Over time the internal audit function aims to provide assurance over higher risk areas of the business. The Audit and Risk Committee also reviews the independence objectivity and performance of the internal audit function.</p> <p>In addition, there is a dedicated internal Risk and Compliance Function that reports to the Audit and Risk Committee. The Audit and Risk Committee is responsible for ensuring that management prepares a risk appetite statement, risk register and a quarterly risk profile report on the material risks facing HealthCo. The Risk Appetite Statement and Risk Register is regularly reviewed and updated to ensure that there are sufficient internal controls in place for determining and managing risks. The Committee continues to assess and develop HealthCo’s risk appetite as part of HealthCo’s strategy going forward.</p> |
| <p>Recommendation 7.4: A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p> | <p>HealthCo is exposed to certain risks, including environmental and social risks. Refer to Section 7 of the PDS (a copy of which is available here: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/) for more information in respect of those risks, and risks associated with holding units generally in HealthCo.</p> <p>HMC Capital has an independent Sustainability Committee that oversees HMC Capital’s environmental, social and governance (ESG) risks, strategy and approach and provides board oversight for sustainability initiatives by the funds it manages, including HealthCo.</p> <p>The Sustainability Committee’s role and objectives are to support and advise the board of directors of HMC Capital in fulfilling its responsibilities to ensure that HMC Capital and where appropriate, the funds it manages including HealthCo:</p> <ul style="list-style-type: none"> • have relevant policies and strategies with respect to matters involving ESG; • assess and establish relevant risk reporting with respect to regulatory or industry developments relating to ESG. |

| Principle / Recommendations | How the RE or HealthCo Complies |
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| | <p>HMC Capital has published its sustainability commitments for the HMC Capital Group. Further, HealthCo's ESG risks are managed and reviewed regularly by the RE in accordance with its risk management framework, under the supervision of the Audit and Risk Committee and Board.</p> |
| <p>Principle 8: Remunerate fairly and responsibly</p> <p><i>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives to align their interests with the creation of value for security holders and the entity's values and risk appetite.</i></p> | |
| <p>Recommendations 8.1, 8.2 and 8.3 (for externally managed listed entities):</p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p> | <p>Subject to the below, summaries of management fees payable to the managers which provide investment management services and property management services to HealthCo is contained in Sections 12 and 13 of the PDS.</p> <p>In May 2023, management fees payable to the Manager in respect of its investment management services to HealthCo were amended (to the benefit of unitholders) such that the Manager is now currently entitled to receive a management fee of:</p> <ul style="list-style-type: none"> • 0.65% per annum of the GAV up to \$800 million; and • 0.55% per annum of GAV on GAV in excess of \$800 million. <p>In addition, Section 12 sets out the fees payable to the RE under the Constitution.</p> <p>The Constitution and PDS is available on the HealthCo website at: https://www.hmccapital.com.au/investment-strategies/real-estate/healthco-healthcare-wellness-reit/</p> |