

## **InvoCare Limited**

### **Corporate Governance Statement**

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InvoCare Limited (the “Company”) and the Board of Directors (the “Board”) are committed to achieving and demonstrating the highest standards of corporate governance. The Company and its controlled entities together are referred to as “InvoCare” or the “Group” in this Statement.

This Statement outlines the main corporate governance practices in place throughout the financial year ending 31 December 2019, which comply with the ASX Corporate Governance Council’s principles and recommendations Third Edition. This Statement is current as at 6 April 2020 and has been approved by the Board. The Other Key Management Personnel (“Other KMP”) comprise:

- Damien MacRae, Chief Operating Officer Australia / New Zealand (“COO”);
- Josée Lemoine, Chief Financial Officer (“CFO”).

For further information on the corporate governance policies adopted by InvoCare Limited, refer to the Company’s website: [www.invocare.com.au](http://www.invocare.com.au)

#### **Principle 1 – Lay Solid Foundations for Management and Oversight**

##### **Functions of the Board and senior executives**

The Board of InvoCare Limited is responsible for guiding and monitoring the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The responsibility for the operation and administration of the Group, including day-to-day management of the Group’s affairs and the implementation of the corporate strategy and policy initiatives, is delegated by the Board to the CEO, other Senior Executives (being the direct reports of the CEO including the Other KMPs), and other management. Delegations are set out in the Group’s delegations’ policy and are reviewed regularly. Delegations, within defined authority limits, relate to various operational functions, including areas such as expenditure and commitments, employee matters (e.g. recruitment, termination, remuneration, discipline, training, development, health and safety), pricing, branding, investor and media communications. The Board ensures that the senior executives and the management team are appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the senior executives.

In deciding which functions and activities the Board reserves to itself, it is guided by the overarching principle that the Board is charged with strategic responsibility, along with a management oversight function, and that the executive management have an implementation function. In fulfilling these functions, the directors seek to enhance shareholder value and protect the interests of stakeholders.

The Board Charter is available on the Company’s website: [www.invocare.com.au](http://www.invocare.com.au)

##### **Board and senior executive appointments**

Prior to the appointment of a new director or senior executive, thorough background checks are undertaken to ensure that the individual has the appropriate background to hold their position with the Company. For directors, information about these checks is included in the Notice of Meeting when the individual stands for election. For senior executives, information about the checks is held by the People & Culture team. All Board members have formal letters of appointment which clearly articulate the roles, responsibilities, expectations and remuneration of directors. All senior executives have agreed formal contracts stipulating the terms of their employment including duties, obligations and conditions.

##### **Company Secretary**

The Company Secretary works closely with the Chair of the Board and various committees to ensure that all directors receive the information they require to fully discharge their duties which includes facilitating external advice to directors where appropriate. Some aspects of these functions are supported by other senior staff specialists where appropriate and these interactions are free of executive management oversight to ensure that directors are fully informed.

##### **Diversity**

InvoCare’s Inclusion Policy is reviewed regularly. It is available on our website: [www.invocare.com.au](http://www.invocare.com.au).

The Inclusion Policy provides a framework that reinforces the Company’s long held commitment to diversity, with a focus on creating an inclusive organisational culture where all individuals feel respected and valued for their uniqueness. The nature of InvoCare’s businesses means that its employees come into daily contact with families from every walk of life and facet of society so a focus on inclusion makes a direct contribution to the business’s ongoing success, as well as being in line with community and stakeholder expectations. From a gender perspective our aim is realise a gender balance within the boundaries of a 40-60 range in either direction. Women currently comprise 43% (2018: 29%) of the Board, (50% of non - executive directors), 43% (2018: 43%) of the Group Executive and 49% (2018: 49%) of Corporate and Operational management. The Australian entity is a relevant employer under the terms of the Workplace Gender Equality Act. Our 2018-19 Workplace Gender Equality report can be found on our website: [www.invocare.com.au](http://www.invocare.com.au).

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#### Directors' performance evaluation

The Board and its committees have an established practice of regular internal reviews. This practice is supplemented when appropriate by engaging an independent specialist to assist in reviewing board effectiveness and identify any actions to improve performance. The last external review was undertaken in late 2017 by the specialist consultancy, Boardroom Partners. The review identified some opportunities for consideration by the directors, both as a group and individually which were addressed during 2018.

#### Senior executive evaluation

After the conclusion of each financial year the CEO evaluates and documents the performance of each member of the Group Executive (senior executives including Other KMPs). The results of the achievement of targeted key performance indicators are reviewed by the People, Culture & Remuneration Committee along with market remuneration data for each role type. The Committee and the Board also review and determine each senior executive's key performance indicators and remuneration for the ensuing year.

The People, Culture & Remuneration Committee evaluate the performance of the CEO against annual key performance indicators and reports to the Board its recommendations on performance appraisal and remuneration.

In addition to a review of monthly financial results, the Board monitors the key performance indicators and strategic plan for the Group, at least quarterly, which provides the opportunity to more regularly evaluate the performance of senior executives outside the annual review process.

#### Principle 2 – Structure the Board to Add Value

##### Board composition

The Board currently comprises seven directors, being six non-executive independent directors (including the Chair) and one executive director, being the CEO. Any director appointed to fill a casual vacancy, except for the CEO, must stand for election by shareholders at the next Annual General Meeting. In addition, one-third of the non-executive directors, and any other director who has held office for three years or more since last being elected, must retire from office and, if eligible, may stand for re-election. The CEO is exempt from retirement by rotation and is not counted in determining the number of directors to retire by rotation.

The composition of the Board and Board Committees is a minimum of three directors. Board Committees consist entirely of independent non-executive directors. The CEO may attend all Board Committee meetings by invitation. The other Senior Executives or managers attend Board and Committee meetings by invitation.

At the date of this report, the composition of the Board Committees is as follows:

Director	Audit, Risk & Compliance	People, Culture & Remuneration	Investment	Nomination
Bart Vogel	✓	✓		Chair
Richard Davis		✓	Chair	✓
Robyn Stubbs		Chair	✓	✓
Keith Skinner	Chair		✓	✓
Jackie McArthur	✓		✓	✓
Megan Quinn	✓	✓		✓

##### Nomination Committee

The Nomination Committee critically reviews the corporate governance procedure of the Group and the composition and effectiveness of the Board. The Committee currently consists of the six independent non-executive directors of the Board. The Committee is chaired by Bart Vogel.

In addition to its role in proposing candidates for director appointment for consideration by the Board, the Nomination Committee reviews and advises the Board in relation to CEO succession planning, Board succession planning, and Board and committees' performance appraisals.

In terms of Board succession planning and composition, three new directors were appointed in 2018, being Jackie McArthur, Megan Quinn and Keith Skinner. These appointments were made to provide additional expertise and / or replace the skills of departing directors.

InvoCare may utilise the professional advice of external consultants to find the best person for the position of director of the Company. These advisors seek applicants according to the Board's skills requirements. The Board also acknowledges the benefits of a diverse Board and requires the advisors to present candidates with equal numbers of suitably qualified men and women and with some diversity in cultural background and age. The Board then selects the

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most suitable candidate(s) for the consideration of the shareholders. The Board is looking to achieve an appropriate mix of skills and diversity amongst directors.

The Committee Charter is available on the Company's website: [www.invocare.com.au](http://www.invocare.com.au)

#### Board skills matrix

The Board, through the Nomination Committee, considers the desirable skills mix for the Board and focusses its search on potential candidates who complement the existing skill set of the Board.

Each Director brings a range of personal and professional experiences and expertise to the Board. The Board seeks to achieve an appropriate mix of skills, tenures and diversity, including a deep understanding of the industry in which it operates, as well as corporate management and operational, financial and safety matters. Directors devote significant time and resources to the discharge of their duties and responsibilities.

The key skills and experience collectively required and possessed by the Board are outlined in the chart below which illustrates the number of directors with a high level of competency in each identified area.

Human resources	100%
Technology	71%
International business	100%
Remuneration	100%
Mergers & acquisitions	71%
Workplace, health & safety	71%
Governance	100%
Risk management	100%
Finance & accounting	100%
Executive leadership	100%

#### Board independence

The majority of the Board must be independent directors, one of whom is the Chair. A director is deemed to be "independent" if independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement.

The Board has assessed, using the criteria set out in the ASX Corporate Governance Principles and Recommendations, the independence of non-executive directors considering their interests and relationships and considers them all to be independent. The Company will provide immediate notification to the market where the independence status of a director changes.

The skills, experience and expertise relevant to the position of each director and their term of office are set out starting on pages 58 to 61 of the 2019 Annual Report.

#### Directors' access to independent professional advice and Company information

To assist in the effective discharge of their duties, directors may, in consultation with the Chair, seek independent legal or financial advice on their duties and responsibilities at the expense of the Company and, in due course, make all Board members aware of both instructions to advisers and the advice obtained.

All directors have the right of access to all relevant Company information and to seek information from the Company Secretary and other senior executives. They also have a right to other records of the Company subject to these not being sought for personal purposes.

All directors and former directors are entitled to inspect and copy the books of the Company for the purposes of legal proceedings, including situations where the director is a party to proceedings, where

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the director proposes in good faith to bring proceedings and where a director has reason to believe proceedings will be brought against him or her. In the case of former directors, this right of access continues for a period of seven years after the person ceases to be a director.

Prior to each Board meeting, the Board is provided with management reports and information in a form, timeframe, and quality that enables them to discharge their duties. If a board member considers this information to be insufficient to support informed decision-making, then they are entitled to request additional information prior to, or at, Board or committee meetings.

#### **Directors' induction**

When appointed to the Board, all new directors receive an induction appropriate to their experience, which is designed to quickly allow them to participate fully and productively in Board decision-making.

The induction programme covers the Group's structure and goals, financial, strategic, operational and risk management positions, the rights and duties of a director and the role and operation of the Board Committees. The Nomination Committee is responsible for reviewing the effectiveness of the director induction programme. New directors are given an orientation regarding the business, including corporate governance policies, all other corporate policies and procedures, Committee structures and responsibilities and reporting procedures.

#### **Directors' continuing education**

Directors are expected to undertake continuing education both about the normal discharge of their formal director duties, as well as ongoing developments within the Group and its operating environment. Directors typically attend courses and seminars relevant to the effective discharge of their duties.

### **Principle 3 – Act Ethically and Responsibly**

#### **Code of Conduct**

The Board, in recognition of the importance of ethical and responsible decision-making, has adopted a Code of Conduct for all employees and directors, which outlines the standards of ethical behaviour which are essential to maintain the trust of all stakeholders and the wider community. This code also mandates the avoidance of conflicts of interest and requires high standards of personal integrity, objectivity and honesty in the dealings of all directors and employees, providing detailed guidelines to ensure the highest standards are maintained.

InvoCare recognises that its clients may be vulnerable due to a recent bereavement and it requires all employees to be aware of their ethical and legal responsibilities. Accordingly, InvoCare requires all employees to behave according to this code, to maintain its reputation as a good corporate citizen. Such behaviours extend to areas such as confidentiality, Privacy Act obligations, communications with the media, work health and safety and drugs and alcohol.

This code is provided to all directors and employees as part of their induction process and compliance is reviewed on a regular basis. It is subject to ongoing review and assessment to ensure it continues to be relevant to contemporary conditions.

The code is available on the Company's website: [www.invocare.com.au](http://www.invocare.com.au)

### **Principle 4 – Safeguard Integrity in Corporate Reporting**

#### **Audit, Risk & Compliance Committee**

The Audit, Risk & Compliance Committee aids the Board in fulfilling its corporate governance, risk management and oversight responsibilities in relation to the Group's financial reporting, capital management, treasury, tax, internal control structure, IT and cyber security and the internal and external audit functions.

It is the responsibility of the Committee to maintain free and open communication between the Committee, the external auditor, the internal auditor and management of the Group. Both the internal and external auditors have a direct line of communication to the Chair of the Audit, Risk & Compliance Committee.

The Audit, Risk & Compliance Committee comprises four independent non-executive directors and is chaired by Keith Skinner. Keith is an FCA who brings a wealth of financial management experience to the Committee. Other members are Bart Vogel, Jackie McArthur and Megan Quinn. The number of meetings held during the year and the individual attendances at those meetings is set out on page 62 of the 2019 Annual Report.

The external auditors met with the Audit, Risk & Compliance Committee during the year without management being present prior to the release of the full-year and half-year results. The head of internal audit meets with the Chair of the Audit, Risk & Compliance Committee privately at least once per annum and on an ad hoc basis when necessary.

The Committee Charter is available on the Company's website: [www.invocare.com.au](http://www.invocare.com.au)

### **Assurance**

Prior to finalising the release of half-year and full-year results and reports, the Board receives assurance from the CEO and CFO in accordance with s295A of the *Corporations Act 2001* and Recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations. These assurances also provide the Board with information in relation to internal control and other areas of risk management. These officers receive similar assurance from the key financial and operational staff reporting to them in relation to these matters.

### **Auditor attendance at the Annual General Meeting**

The Company's external auditor attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

### **Principle 5 – Make Timely and Balanced Disclosure**

The Company has appropriate mechanisms in place to ensure all investors are provided with timely, complete and accurate information affecting the Group's financial position, performance, ownership and governance.

The Chair, CEO, CFO or Company Secretary are responsible, as appropriate, for communication with shareholders and the Australian Securities Exchange ("ASX"). This includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public. Continuous disclosure obligations are well understood and upheld by the Board and senior executives. Formal and informal discussion and consideration of these obligations occurs as and when the need arises. The Group's shareholder communication strategy is designed to ensure that all relevant information, especially market sensitive information, is made available to all shareholders and other stakeholders as soon as possible. InvoCare's website is structured to ensure information is easily located and logically grouped. Those shareholders who have made the appropriate election receive email notification of all announcements.

The Continuous Disclosure Policy, which includes the shareholder communication strategy, is available on the Company's website: [www.invocare.com.au](http://www.invocare.com.au)

### **Principle 6 – Respect the Rights of Shareholders**

The Board of Directors aims to ensure that the shareholders are informed of all major developments affecting the Group's state of affairs.

The Company uses its website to complement the official release of material information to the ASX. Shareholders may elect to receive email alerts when Company announcements are made. Notice of Annual General Meeting, half-year and annual results announcements and financial reports, investor presentations, press releases and other ASX announcements can be found on the Company's website: [www.invocare.com.au](http://www.invocare.com.au)

Additionally, all shareholders have the right to access details of the holdings, provide email address contacts and make certain elections via the Company's share registry Link Market Services Limited by accessing the web site [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Shareholders have the option of receiving all or a selection of communication electronically.

The Company encourages full participation of shareholders at the Annual General Meeting. The Chair of the meeting encourages shareholders to ask reasonable questions at the Annual General Meeting. The Board makes itself available to all shareholders both before and after the Annual General Meeting. The next Annual General Meeting is scheduled to be held at 10.30am on Friday 8 May 2019 at the offices of PricewaterhouseCoopers, One International Towers, Waterman Quay, Barangaroo.

During the year a conference call to present the results is held on the day of the release of both the half year and full year results. A live URL link to the teleconference and results presentation is made available via a webcast link which can be found on our website: [www.invocare.com.au](http://www.invocare.com.au) A recording of the webcast is made available via the same link and on our website in the days following the conference call.

Shareholders are also able to direct any questions relating to the Company's securities to the share registry, Link Market Services Limited.



**Principle 7 – Recognise and Manage Risk**

The Board, through the Audit, Risk & Compliance Committee, reviews and oversees the Group's risk management systems.

**Audit, Risk & Compliance Committee**

The Audit, Risk & Compliance Committee determines the Group's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Committee also has oversight responsibility for the management of treasury and capital management related risks, including those associated with capital and debt structuring, interest rates and foreign currency. The Committee does not have responsibility for strategy, which is a Board responsibility. The Board has reviewed the Group's risk management framework during the year and confirmed that it remains sound.

The Company's approach to managing risk draws from the International Standard ISO 31000 for Enterprise Risk Management. The Group does not have any material exposure to economic, environmental and social sustainability risks.

Each senior executive, with input and assistance from their direct reports, identifies key risks for their areas of responsibility and function, which are in turn aggregated into an overall corporate risk register. Each risk is assessed and assigned an inherent risk rating. The risk register is continuously reviewed and maintained as new risks are identified or incidents occur, or mitigating controls change.

Extracts of the risk register are provided to the Audit, Risk & Compliance Committee at each of its meetings, together with specific commentary or information on significant changes to the risks or the ratings. Specific major risks or incidents are reported, as and when they occur, to the CEO and other Senior Executives who are responsible for escalating these to the Audit, Risk & Compliance Committee and Board, where necessary, if the event occurs outside the regular cycle of Committee meetings. The Committee is informed of the effectiveness of actions to mitigate the impact of risk events. In addition, the Committee considers developments or improvements in risk management and controls, including the adequacy of insurance programmes.

Separate records and registers are maintained for other more common or recurring risks; for example, arising from customer complaints and workplace health and safety issues. These are managed by the Group Executive Business Operations and reported to the Committee and/or the Board. In this context, the Committee monitors complaints handling and, along with the People, Culture & Remuneration Committee and the full Board, has a strong focus on ensuring suitable work practices and employee learning and development programmes are developed and delivered.

Treasury and capital management related risks and reporting are managed by the Chief of Financial Officer. The Committee is provided with regular reports to assist its oversight responsibilities.

The Audit, Risk & Compliance Committee Charter is available on the Company's website:

[www.invocare.com.au](http://www.invocare.com.au)

**Investment Committee**

The Investment Committee assists the Board in the discharge of its responsibilities with respect to optimising the deployment of capital and monitoring the performance investments. In this context the Committee reviews and monitors the allocation of and returns from invested capital, including substantial capital expenditure projects, business acquisitions or divestments, and the returns from prepaid funeral funds.

The Investment Committee comprises four independent non-executive directors and is chaired by Richard Davis. Richard brings a wealth of funeral industry, as well as broad business investment, knowledge and experience to the Committee. Other members are Robyn Stubbs, Keith Skinner and Jackie McArthur. The number of meetings held during the year and the individual attendances at those meetings is set out on page 62 of the 2019 Annual Report.

During the year the Committee was heavily involved with the details of the 2020 Plan: Protect and Grow with significant time spent assessing and approving the detailed network and brand optimisation project. It also critically reviewed and assessed business acquisition opportunities presented by management and major supplier arrangements.

**Internal control**

The Group maintains a register of delegated authorities, which is designed to ensure that all transactions are approved at the appropriate level of management and by individuals who have no conflicts of interest in relation to the transaction.

An internal audit function is established and has developed a self-assessment questionnaire, which is distributed to operational management. This questionnaire serves to build higher awareness and understanding of business risks and how to manage and control them.

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#### **Principle 8 – Remunerate Fairly and Responsibly**

##### **People, Culture & Remuneration Committee**

InvoCare's remuneration policy ensures that remuneration packages properly reflect employees' duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of appropriate calibre. The People, Culture & Remuneration Committee reviews and makes recommendations to the Board on senior executive remuneration and appointment and on overall Group remuneration and benefits policies.

The People, Culture & Remuneration Committee comprise four independent non-executive directors with Robyn Stubbs as Chair and Bart Vogel, Richard Davis and Megan Quinn as members. The number of meetings held during the year and the individual attendances at those meetings is set out on page 62 of the 2019 Annual Report.

The People, Culture & Remuneration Committee Charter is available on the Company's website:

[www.invocare.com.au](http://www.invocare.com.au)

##### **Remuneration structure**

Remuneration for senior executives typically comprises a package of fixed and performance-based components. The Committee may, from time to time, seek advice from special remuneration consulting groups to ensure that the Board remains informed of market trends and practices.

Non-executive directors are remunerated by way of directors' fees, which may be sacrificed by payment into superannuation plans or by allocation of ordinary shares. They do not participate in schemes designed for the remuneration of employees, and do not receive retirement benefits, bonus payments or incentive shares.

Senior executive remuneration and other terms of employment are reviewed annually by the Committee, having regard to individual and Group performance, contribution to long-term growth, relevant comparative information, and independent expert advice. As well as a base salary, remuneration packages include superannuation, performance-related bonuses, long-term incentives and fringe benefits. The Remuneration Report which begins on page 37 of the 2019 Annual Report provides detailed information about the current remuneration practices and the levels of remuneration, including recent changes to long term incentive arrangements.

##### **Share Trading Policy**

The Company's share trading policy is designed to minimise the risk that InvoCare, its directors and its employees will breach the insider trading provisions of the Corporations Act or compromise confidence in InvoCare's practices in relation to securities trading. The policy prohibits directors and employees from trading in InvoCare securities when they are in possession of information not generally available to the investment community, and otherwise confines the opportunity for directors and employees to trade in InvoCare securities to certain limited periods. The policy specifically bans the use of techniques or products to limit the economic risk associated with holding the Company's securities.

This policy applies to all senior staff, particularly managers and other senior employees, such as finance team members, who have access to information that is not generally available. In addition, it applies to all associates of these individuals. The policy prohibits trading in the Company's shares except within narrow and specific windows when the Group believes the market is fully informed. There are limited procedural exceptions to the policy and in certain circumstances the Chair can approve trading outside the policy prescriptions.

The share trading policy is available on the Company's website: [www.invocare.com.au](http://www.invocare.com.au)

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