

Code of conduct and ethics policy

Purpose

Southern Cross has prepared this policy to provide guidance to the Board, management and employees on how it expects them to conduct themselves when undertaking business on behalf of the Southern Cross Healthcare Group.

Scope

All employees of the Southern Cross Healthcare Group. For the purpose of this Policy the term employees will include Directors and Trustees.

Policy

The reputation and credibility of Southern Cross are based upon its total commitment to ethical business practices. To safeguard the Southern Cross reputation, employees must conduct themselves in accordance with the highest ethical standards and also be perceived to be acting ethically at all times. Compliance with all relevant laws and regulations is the minimum standard. The Board endorses the principles set out in the Code of Practice For Directors adopted and approved by the Institute of Directors in New Zealand Inc.

Employees

Commitment and responsibilities

Southern Cross will respect the human rights of its employees, treat them with dignity and respect, provide safe work conditions, and promote the development and best use of employee talent and equal opportunity employment. Southern Cross will protect the confidentiality of employee records.

Actions that constitute harassment or discrimination in the workplace will not be tolerated and any report of such actions will be investigated and dealt with appropriately.

Employees must contribute to building and maintaining work conditions that are safe, fair, respectful and free from discrimination and harassment for all individuals.

Members, customers, suppliers, contractors and joint venture partners

Commitment and responsibilities

Southern Cross will deal openly and honestly with its members, customers, suppliers, contractors, and joint venture participants.

The ability in these relationships to effectively promote the integral elements of the Southern Cross Business Principles and Code of Ethics must be weighed as an important factor in the decisions made to pursue, enter into, or remain in such relationships.

Business Integrity

Business principle

Southern Cross insists on honesty, integrity and fairness in all aspects of its business and expects the same in its relationships with all those with whom it does business. The direct or indirect offer, payment, solicitation, or acceptance of bribes in any form is unacceptable. Southern Cross employees must avoid conflicts of interest between their private financial activities and the conduct of Southern Cross business. All business transactions on behalf of Southern Cross must be reflected accurately and fairly in the accounts of Southern Cross in accordance with established procedures, and are subject to audit.

Conflict of interest

Employees must avoid any activity that could compromise, or appear to compromise, their judgment or objectivity in the performance of their duties with Southern Cross. It is critical that they conduct their employment activities objectively. This ability is compromised if they have personal interests or obligations that conflict or compete with the legitimate business interests of Southern Cross.

It is equally important to avoid apparent conflicts of interest – where a reasonable observer might assume there is a conflict of interest, and therefore a loss of objectivity in their dealings on behalf of Southern Cross. Employees should ensure that any engagement with external consultants to consult or complete business activities that compete with any product or service being offered by Southern Cross are approved by their manager prior to the engagement.

Employees must not use any Southern Cross property, information or position, or opportunities arising from these for personal gain or to compete with Southern Cross.

Gifts, entertainment and bribery

Consistent with maintaining a high degree of objectivity in the performance of their employment duties, employees should not give or accept gifts, entertainment, or any other personal benefit or privilege that could in any way influence, or appear to influence, their involvement in Southern Cross business dealings. Personal benefits (including invitations to conferences, functions, domestic and international travel) and entertainment may be exchanged at a level that does not compromise any ethical business practices, decisions or actions of Southern Cross. Employees should consult with their Manager if further clarification is required.

From time to time (particularly at Christmas) it is standard business practice in New Zealand that a customer or supplier may reward individuals/teams as part of the client/business relationship. This sort of reward should not be anything more than a token and any gift shouldn't exceed a value that could compromise individual integrity and be perceived as a "conflict of interest". If in doubt the individual/team should seek approval from their manager.

This does not preclude giving or receiving gifts or entertainment that are customary and proper in the circumstances, provided that no obligation could be, or be perceived to be, expected in connection with the gifts or entertainment.

It is unacceptable to directly or indirectly offer, pay, solicit or accept bribes in any form. Any attempted transaction of this nature should be immediately reported to their supervisor, or to the internal auditors.

Integrity of financial information

Directors, management and other interested parties must have complete and accurate financial information in order to make informed decisions.

Many Southern Cross employees participate in accounting processes that directly impact the integrity of external financial statements and internal management reports. Employees have a responsibility to ensure that transactions are recorded in the accounts of Southern Cross accurately and promptly and they must immediately report any known inaccuracies.

Misrepresentations that result from intentional acts that may conceal or obscure the true nature of a transaction are clear contraventions of this Code.

Protection and use of property

Employees are responsible for the protection of all Southern Cross property used in carrying out their responsibilities and for taking reasonable steps to prevent the theft or misuse of, or damage to, such property. Southern Cross property is not limited to physical assets, but also includes corporate information and intellectual property such as inventions, copyrights, patents, trademarks and technology. As Southern Cross may license intellectual property from other companies, employees must also ensure that property of this nature is protected in accordance with the agreements giving Southern Cross the right to use the property.

Equipment, materials, supplies, intellectual property and employee time are to be used only for the legitimate business interests of Southern Cross. Southern Cross property must not be borrowed, loaned, or disposed of, except in accordance with the appropriate Southern Cross policies.

Business controls

Southern Cross policies, procedures, and authorities exist to ensure that the business objectives of Southern Cross are achieved in the proper manner.

Managers and supervisors must ensure that an effective system of business controls is in place for their area of responsibility.

Employees must ensure that transactions are conducted within their level of authority and in accordance with prescribed policies and procedures.

If employees view any policies, procedures or authorities to be inappropriate or outdated, they must not ignore them, but should discuss the issue with their supervisor and the originating department.

Confidential information

It is vital that we protect the privacy of confidential information relating to Southern Cross. Confidential information includes proprietary, technical, business, financial, joint venture, customer and employee information that is not available publicly. It is the employee's responsibility to know what information is confidential and to obtain clarification when in doubt.

Employees must not disclose confidential information to any person outside of Southern Cross unless authorised to do so. This includes, as prohibited, any disclosure of confidential information to family and friends. Where confidential information is entrusted to persons outside of Southern Cross, efforts must be made to ensure the continuing protection and confidentiality of that information. Within Southern Cross, confidential information should be disclosed only on a "need-to-know" basis.

Employees must not use confidential information for unauthorised purposes. They must also take reasonable care to protect confidential information against loss, theft, unauthorised access, alteration, or misuse.

Departing Southern Cross employees who have had access to Southern Cross confidential information will be reminded of their continuing responsibility to protect it and maintain its confidentiality and return to Southern Cross any documents, records, and other property in their possession. Southern Cross expects that employees joining it from other companies will not disclose the confidential information of those companies.

This confidentiality constraint refers to the use of all non-public information except where disclosure is authorised or legally mandated.

Health, Safety and the Environment

Business principle

Consistent with its commitment to contribute to sustainable development, Southern Cross exercises a systematic approach to health, safety and environmental management in order to achieve continuous performance improvement.

To this end, Southern Cross manages these matters as any other critical business activity, sets targets for improvement, and measures, appraises, and reports performance.

Key activities include risk management, community and other stakeholder consultation, and remediation and restoration.

Employees, contractors, and joint ventures under the operational control of Southern Cross are expected to be conversant and comply with health, safety, environmental and social responsibility, and sustainable development policies, standards, and procedures.

Accountability

All Southern Cross Employees must understand and adhere to the Southern Cross Code of Conduct and Ethics. They must:

- Commit to individual conduct in accordance with the Code of Conduct and Ethics Policy
- observe both the spirit and the letter of the policy and the law in their dealings on behalf of Southern Cross
- recognise the Southern Cross responsibility to its members, customers, employees, those with whom Southern Cross does business, and to Southern Cross. Assess priorities in the context of discharging these responsibilities appropriately on Southern Cross' behalf
- conduct themselves as responsible members of Southern Cross, giving due regard to health, safety, and environmental concerns, and human rights, in the operation of the business of Southern Cross, and
- report any suspected breach of this policy to the Audit Committee of the Board who will protect those who report violations in good faith.

Consequences of non-compliance

- Non-compliance with this policy may result in legal liability and public embarrassment for Southern Cross
- as a consequence, disciplinary action may be taken against an employee for breach of this policy.

Review

This policy is subject to review – if you have any feedback about this policy, please contact the Southern Cross Board Secretary.