

FY20 corporate governance statement.

Space to thrive.

Growthpoint Properties Australia

Growthpoint Properties Australia Trust

ARSN 120 121 002

Growthpoint Properties Australia Limited

ABN 33 124 093 901 AFSL 316409

20 August 2020

GROWTHPOINT
PROPERTIES



2020 Corporate Governance Statement.

Company overview.

Growthpoint Properties Australia (**Growthpoint** or the **Group**) comprises Growthpoint Properties Australia Limited (the **Company**), Growthpoint Properties Australia Trust (the **Trust**) and each of their controlled entities. The Company and the Trust are stapled together and trade jointly on the Australian Securities Exchange (**ASX**) under the code GOZ. The Company is the responsible entity of the Trust.

For information on Growthpoint's business and operations, please refer to the Group's Annual Report for the financial year ended 30 June 2020 (the **Reporting Period** or **FY20**) which forms part of Growthpoint's reporting suite.

The Board of the Company (the **Board**) is pleased to present the Group's Corporate Governance Statement for the Reporting Period.

This statement was approved by the Board on 20 August 2020.

Our governance approach.

Growthpoint is committed to ensuring that its procedures and practices reflect a high standard of corporate governance. The Group's governance framework aims to ensure accountability, transparency and effective risk management, and reinforce a culture of acting ethically, responsibly and in the best interests of Securityholders.

During the Reporting Period, Growthpoint's governance framework was largely consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (the **ASX Principles**) (3rd edition) and any departures from the ASX Principles are noted in this statement. In addition, this statement outlines where Growthpoint has already adopted the new or revised recommendations in the 4th edition of the ASX Principles.

All references in this statement to the ASX Principles are to the 3rd edition, unless otherwise indicated.

ASX Principles.

Principle 1 – Lay solid foundations for management and oversight

1.1 Roles and responsibilities of the Board and management

The role of the Board is to demonstrate leadership, provide strategic direction to, and oversee the management of, the Group.

The Board adopted a Board Charter during the Reporting Period, which sets out the respective roles and responsibilities of the Board and management, including those matters expressly reserved to the Board and those delegated to management, as recommended by the 4th edition of the ASX Principles. The key responsibilities of the Board include:

- **Strategy:** setting the Group's strategic direction and objectives and overseeing management's implementation of the strategic objectives and performance generally;
- **Material business initiatives:** approving material or strategic business initiatives, including in relation to acquisitions, divestments, asset management, developments and other transactions or material business contracts in excess of authority levels delegated to management;

- **People and remuneration:** appointing, approving the remuneration and incentives of, and planning the succession of the Managing Director and the other members of the executive management team (**EMT**) and approving the Group's remuneration framework;
- **Board:** approving appointments to, reviewing the skills required on, and planning the succession of, the Board and approving the remuneration of the Non-executive Directors;
- **Governance:** overseeing the Group's governance framework, including key policies and documents, and process for making timely and balanced disclosure of material information;
- **Audit, risk and compliance:** overseeing the Group's risk and compliance management framework, internal audit function, internal control framework, compliance with legal and regulatory requirements and the integrity of the Group's accounting and corporate reporting systems; and
- **Financial:** overseeing the operational and financial position and performance of the Group and approving the Group's annual report, distributions to Securityholders, market guidance, annual budget, major capital expenditure, funding strategy, borrowing limits and Treasury Management Policy.

Further details of the Board's responsibilities are set out in the Board Charter, which is available on Growthpoint's website at: <https://growthpoint.com.au/corporate-governance>.

Responsibility for the day-to-day management, implementation of the strategic objectives and administration of the business of the Group is delegated by the Board to the Managing Director and the EMT. In carrying out their responsibilities, the EMT is to have due regard to the Group's values, risk management framework, budget and policies approved by the Board.

The Board has approved a Delegations of Authority Policy, which specifies the authority delegated to the EMT and other employees to make certain decisions on behalf of the Group in the course of their day to day roles and the implementation of the Group's strategy.

The EMT is also responsible for providing the Board with accurate, timely and transparent information to enable the Board to perform its role and responsibilities effectively.

1.2 Appointment and re-election of Directors

Appropriate checks are undertaken before a new candidate is recommended to the Board for appointment. These include checks as to the candidate's experience, educational qualifications, character, criminal record and bankruptcy history. In addition, as required by the 4th edition of the ASX Principles, background checks are also undertaken in relation to senior executives before they are appointed.

The Company provides all Securityholders who are entitled to attend and vote at the Annual General Meeting (**AGM**) with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director including:

- relevant qualifications, experience and the skills each Director brings to the Board; and
- eligibility for election or re-election based on the election rules of the Company's Constitution.

1.3 Written agreements with Directors

All Non-executive Directors have entered into letters of appointments personally with the Company (as recommended by the 4th edition of the ASX Principles) governing their appointment which include:

- expectations in relation to the attendance of Board and Committee meetings and time commitment;
- procedures in relation to potential and actual conflicts of interests and the requirement to disclose any matter that could affect their independence;
- ability to access independent advice (at the Group's expense); and
- ongoing confidentiality obligations.

The Managing Director and all other EMT members have entered into formal employment agreements personally, which set out the terms of their employment.

1.4 Role of the Company Secretary

The Company Secretary is directly accountable to the Board (via the Chairman) in relation to corporate governance and the proper functioning of the Board and each Committee. The Company Secretary is responsible for ensuring the smooth running of the Board and its Committees, advising the Board on governance matters and overseeing and maintaining the Group's corporate governance framework. All Directors have access to the Company Secretary.

1.5 Diversity

Growthpoint is committed to promoting diversity and inclusion at all levels of its business, which is reflected in the Group's values of respect and inclusion. A diverse and inclusive workplace contributes to Growthpoint's business success by assisting the Group to attract, motivate and retain a diverse workforce, understand and build relationships with Securityholders and other key stakeholders and foster creativity and innovation.

During the Reporting Period, Growthpoint continued to implement policies, practices and initiatives across its business in support of its diversity objectives. These included:

- **Diversity Policy:** the adoption of a revised Diversity Policy, which includes the content suggestions in the 4th edition of the ASX Principles and expresses the Group's overarching diversity objectives to:
 - monitor, maintain and achieve the gender diversity targets set by the Board; and
 - promote and support a diverse and inclusive culture;
- **Flexible workplace arrangements:** the adoption of a revised Flexibility Policy under which flexible workplace arrangements are available for all employees, subject to Growthpoint's business needs being met;
- **Parental leave:** a review by management of the Group's parental leave policy, with benefits significantly increased to assist with the retention and recruitment of employees and to support the Group's diversity objectives;
- **Key performance indicators (KPIs):** a KPI relating to gender diversity was set as part of the EMT's remuneration; and
- **Culture and employee engagement:** a focus on improving the Group's employee engagement survey alignment and engagement scores, which were in the top quartile, an improvement on the previous year's results and demonstrated a strong culture.

Growthpoint's revised Diversity Policy is available at <https://growthpoint.com.au/corporate-governance>.

The table below summarises the Group's measurable objectives for achieving gender diversity that were in place during the Reporting Period and the progress made towards achieving those objectives.

Gender diversity objectives during the Reporting Period

Progress made during the Reporting Period

1. **A commitment to providing work experience to female graduates and undergraduates in order to encourage greater female involvement and participation in the property industry.**

During the Reporting Period, the Group provided work experience to two undergraduates in its property analytics and valuations and legal teams. Both female and male candidates were considered for the position in the legal team that was filled during the Reporting Period.

2. **Seek to have at least one female as part of the Group's senior management team by 2020.**

There has been a female member of the EMT since April 2018.

<p>3. Recruitment activities to consider male and female candidates and to involve interviewing at least one appropriately qualified female candidate and male candidate for any available position.</p>	<p>There were seven new employees¹ who commenced employment with the Group during the Reporting Period of which five (71.4%) were female. The new employees included the Group's Chief Operating Officer and Company Secretary, Jacqueline Jovanovski.</p>
<p>4. Seek to achieve a gender diverse workforce by 2020 of not less than 30% female.</p>	<p>As at 30 June 2020, 50% of employees² were female.</p>
<p>5. Management to identify and support emerging female executives by providing executive mentoring, including developing processes to identify women with the skills and capabilities of filling a Board position.</p>	<p>During the Reporting Period, a range of learning and development opportunities were available internally and externally for all employees. This included supporting a female employee to participate in the Property Council of Australia's 500 Women in Property.</p> <p>Growthpoint will continue to consider gender diversity (among other factors) as part of its succession planning and future appointments to the Board and the EMT.</p>
<p>6. Seek to have at least two female Directors on the Board by 2020.</p>	<p>There have been two female Directors on the Board since 1 October 2017.</p>

In accordance with the Group's revised Diversity Policy, the Board will set new measurable gender diversity targets that will apply from 1 July 2020 onwards and details of those targets, and the Group's progress towards achieving those targets, will be reported on as part of the Group's FY21 corporate governance statement.

Growthpoint's diversity statistics as at 30 June 2020, including the respective proportions of men and women on its Board, in executive positions and across its workforce, are set out on pages 36 to 38 of the Group's FY20 Sustainability Report.

1.6 Board performance reviews

The Nomination, Remuneration and HR Committee oversees the Board performance evaluation programme. The evaluation process is to be undertaken periodically and considers the performance of the Board, its Committees and individual Directors.

In FY20, the Board undertook an internal evaluation of the Board's performance and effectiveness. The review was conducted by the Chairman and involved questionnaires, individual Director interviews and feedback. Matters considered included an assessment of the performance and effectiveness of the Board and its Committees, individual contributions and the Chairman's leadership, the Board's composition and skills set, the effectiveness of the Board's operations and processes and the Board's relationship with management.

The results of the review were compiled by the Company Secretary and presented to the Board by the Chairman.

1.7 Senior executive performance reviews

The Group has a process for periodically evaluating the performance of the Managing Director and other members of the EMT. The Managing Director's performance is reviewed annually by the Nomination, Remuneration and HR Committee. The performance of the other EMT members is reviewed annually by the Managing Director with feedback from the Board.

¹ Excludes casual employees.

² Excludes casual employees.

Details of the performance criteria against which the Managing Director and other EMT members were assessed for FY20 are set out on page 39 of the FY20 Remuneration Report that forms part of the Group's Annual Report (**FY20 Remuneration Report**).

Principle 2 – Structure the Board to add value

2.1 Nomination, Remuneration and HR Committee

The Board has established a Nomination, Remuneration and HR Committee, which comprises four members, all of whom are Non-executive Directors and two of which are independent Directors.

The Chair of the Committee, Mr Norbert Sasse, and Committee member, Mr Francois Marais, are respectively the Group CEO and the independent Chairman of the Group's major Securityholder, Growthpoint Properties Limited, and are therefore not deemed to be independent Directors.

The Board has determined that the appointment of these Directors to the Committee is appropriate having regard to the following:

- the reason for Messrs Sasse and Marais not being deemed to be independent (due to their roles with Growthpoint Properties Limited) is unlikely to have any adverse impact, from Securityholders' perspective, on their roles in recommending and determining remuneration;
- it is in the interests of Growthpoint Properties Limited to ensure that the Group's executives are remunerated appropriately and in a manner that maximises Securityholder value, which aligns with the interests of Securityholders generally; and
- half of the Committee comprises independent Directors, including the independent Chairman of the Board.

The Committee operates under a Charter approved by the Board, which is available on Growthpoint's website at: <https://growthpoint.com.au/corporate-governance>.

The Committee's key responsibilities in terms of nomination include reviewing and making recommendations to the Board in relation to:

- the skills, performance and succession of the Board;
- appropriate candidates for appointment and re-election to the Board;
- the training and development of Directors to ensure that Directors have access to appropriate training and development opportunities that support the work of the Board; and
- the succession of the Managing Director.

No member of the Committee participates in the review of their own performance or nomination for re-election.

The Committee also has responsibilities in relation to remuneration, which are outlined in section 8.1 of this statement.

The Committee has access to employees and information, can investigate any activity within the terms of its Charter and may seek legal or other professional advice.

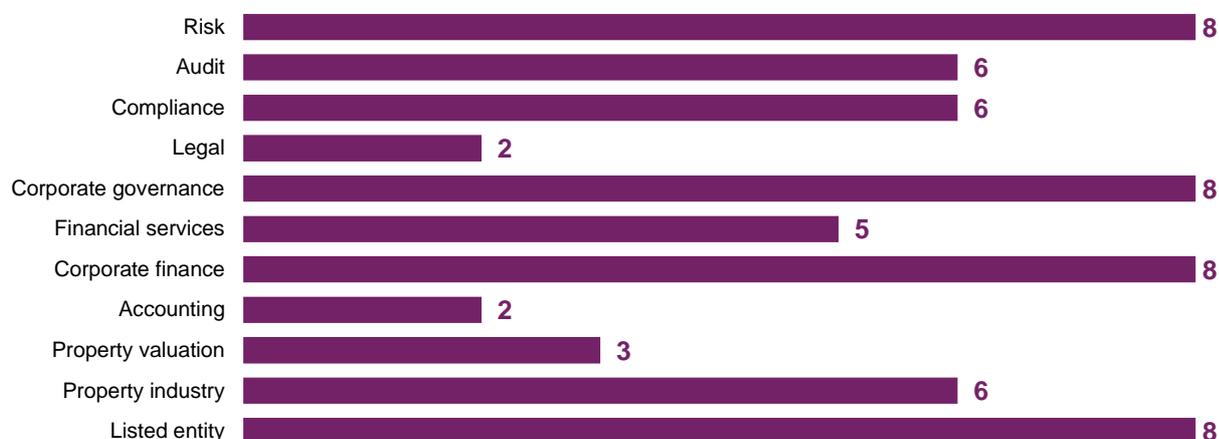
The Committee met five times during the Reporting Period and each Committee member attended every meeting. Please refer to pages 30, 31 and 52 of the Group's FY20 Annual Report for further details of the Committee members, including their relevant experience, other directorships and attendance at Committee meetings.

2.2 Board skills matrix

The Board has adopted a skills matrix to ensure that its Directors have an appropriate mix of skills, experience and expertise to enable the Board to discharge its responsibilities.

The current mix of skills represented on the Board is shown below. The Board has a strong and diverse collective skill set and experience across a range of subject matters and considers that the current mix of skills is appropriate for the Group.

Board expertise (No. of Directors)



In order to be included under a category, a Director must have significant experience and/or qualifications in the area.

2.3 Director independence assessment

The Board's Charter requires that the independence of each Non-executive Director is assessed by the Board prior to appointment and then annually. In assessing independence, the Board will have regard to the interests, positions and relationships potentially affecting the independent status of a Director as described in Box 2.3 of the ASX Principles.

The Directors, their appointment date and those assessed by the Board as independent are as follows:

- Mr Estienne De Klerk – 5 August 2009
- Mr Grant Jackson – 5 August 2009, Independent Non-executive Director
- Mr Francois Marais – 5 August 2009
- Mr Norbert Sasse – 5 August 2009
- Mr Timothy Collyer – 12 July 2010
- Ms Maxine Brenner – 19 March 2012, Independent Non-executive Director
- Mr Geoffrey Tomlinson – 1 September 2013, Independent Non-executive Chairman
- Ms Josephine Sukkar – 1 October 2017, Independent Non-executive Director

Mr Grant Jackson joined the Group as an independent Non-executive Director in 2009. The Board is satisfied that the length of his service as a Director will not interfere, or will not reasonably be seen to interfere, with his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Group and its Securityholders. In reaching this conclusion, the Board considers that Mr Jackson has retained independence of thought, character and judgement throughout his time on the Board.

2.4 Independent Directors

The Board currently comprises seven Non-executive Directors and one Executive Director. As noted in section 2.3 of this statement above, four of the Non-executive Directors are considered independent.

Of the three Non-executive Directors who are deemed not independent, Mr Francois Marais is the independent Chairman of the Board, Mr Norbert Sasse is the Group CEO and Mr Estienne de Klerk is the CEO (South Africa) of the Group's major Securityholder, Growthpoint Properties Limited. While not having a

majority of independent Directors, the Board has determined that the appointment of these Directors is appropriate having regard to the following:

- the Board consists of four independent Directors, including the independent Chairman of the Board, which, although falling short of a majority, brings a sufficient level of objectivity to Board decisions;
- the reason for Messrs Marais, Sasse and de Klerk not being deemed independent (due to their roles with Growthpoint Properties Limited) is unlikely to have an adverse impact, from Securityholders' perspective, on their roles as directors governing the Group on behalf of all Securityholders; and
- it is in the interests of Growthpoint Properties Limited to ensure that the Group is being governed in a manner that maximises Securityholder value, which aligns with the interests of all Securityholders generally.

2.5 Chairman independence

The Chairman, Mr Geoffrey Tomlinson, is an independent Director and the role of chief executive officer, is fulfilled by the Managing Director, Mr Timothy Collyer.

2.6 Induction and professional development of Directors

Any new Director appointed to the Board is provided with an induction, primarily in relation to the Group's structure, key policies and governance documents, compliance and risk management framework and business operations. Meetings with key senior executives to gain an understanding of the Group's business operations, history, culture and key risks are also arranged as required.

As recommended by the 4th edition of the ASX Principles, the Nomination, Remuneration and HR Committee is responsible for periodically reviewing the professional development needs of Directors to ensure that the Board maintains the skills and knowledge required to perform its role effectively. In the Reporting Period, the Board received presentations and briefings in areas relevant to the Group's business operations and on material developments in laws and regulations and the industry generally.

Principle 3 – Act ethically and responsibly

3.1 Values

As recommended by the 4th edition of the ASX Principles, Growthpoint has adopted the following set of values which were developed by the Group's employees in June 2019. Growthpoint's values, in addition to its policies and Code of Conduct, assist in guiding appropriate workplace culture and behaviour.



Respect



Success



Inclusion



Integrity



Fun

3.2 Code of Conduct

Growthpoint is committed to the highest level of integrity and ethical standards in all of its business practices and has in place a Code of Conduct (**Code**) which outlines the standards of conduct and professional behaviour expected of all Directors, senior executives and employees (including temporary employees and contractors) of the Group.

The key values underpinning the Code are as follows:

- our actions must be governed by the highest standards of integrity and fairness;
- our decisions must be made in accordance with the spirit and letter of applicable law; and
- our business must be conducted honestly and ethically, with our best skills and judgment, and for the benefit of Securityholders, employees and other stakeholders.

The Code also reinforces the requirement for compliance with the Group's policies, including in relation to conflicts of interest, privacy, anti-discrimination and equal employment opportunity, continuous disclosure and securities trading, and all applicable laws and regulations.

The Code is available on Growthpoint's website at: <https://growthpoint.com.au/corporate-governance>.

3.3 Whistleblower Policy

Growthpoint encourages its employees, Directors, suppliers and other eligible whistleblowers to report any misconduct, fraud or inappropriate behaviour in the workplace without fear of detriment or reprisal. Growthpoint offers eligible whistleblowers internal and external reporting channels including through an externally hosted service where reports may be made anonymously.

During the Reporting Period, Growthpoint adopted a revised Whistleblower Policy which complies with the new whistleblower legislation and the 4th edition of the ASX Principles and is available on Growthpoint's website at: <https://growthpoint.com.au/corporate-governance>. Training was also provided to employees on the revised policy and a guide was provided to Directors as 'eligible recipients' of whistleblower reports.

As recommended by the 4th edition of the ASX Principles, the revised policy requires that the Audit, Risk and Compliance Committee is provided with quarterly updates on any incidents reported under the policy and that significant incidents are also reported to the Board.

3.4 Anti-Bribery and Corruption Policy

Growthpoint does not tolerate any form of fraud, bribery or corruption by its employees and officers.

During the Reporting Period, Growthpoint adopted a revised Anti-Bribery and Corruption Policy to comply with the 4th edition of the ASX Principles. The policy is available on Growthpoint's website at: <https://growthpoint.com.au/corporate-governance>.

As recommended by the 4th edition of the ASX Principles, the revised policy requires that the Audit, Risk and Compliance Committee is provided with quarterly updates on any incidents of fraud, bribery or corruption and that significant incidents are also reported to the Board.

Principle 4 – Safeguard integrity in financial reporting

4.1 Audit, Risk and Compliance Committee

The Board has established an Audit, Risk and Compliance Committee, which comprises four members, all of whom are Non-executive Directors and the majority of whom are independent Directors.

The Chair of the Committee, Ms Maxine Brenner, is an independent Director and is not the Chairman of the Board. All Committee members are financially literate with significant relevant financial or accounting experience and a significant understanding of the Group's business. Please refer to pages 30 and 31 of the Group's FY20 Annual Report for more details in relation to the qualifications and experience of the Committee's members

The Board has adopted a formal Charter for the Committee, which is available at the Group's website: <https://growthpoint.com.au/corporate-governance>.

The Committee is responsible for monitoring:

- the financial statements, financial reports, annual report and half year report for the Group;
- the external auditor's role, remuneration, independence and performance; and
- the effectiveness and performance of the Group's internal controls.

The Committee also has responsibilities in terms of risk management, which are outlined in section 7.1 of this statement.

The Committee:

- has access to employees, officers and the external auditors without management being present;
- can investigate any activity within the terms of its Charter; and
- may seek the advice of the external auditors and legal advisers of the Group and engage independent advisers with the prior approval of the Board or the Chairman.

The Committee meets quarterly and each member attended every Committee meeting held in FY20. Please refer to page 52 of the FY20 Remuneration Report for further details.

4.2 Managing Director and Chief Financial Officer Declarations

Prior to the approval of the Group's financial statements for the half year and full year reporting periods, the Board receives from each of the Managing Director (being the person who performs the chief executive function) and the Chief Financial Officer a declaration in accordance with section 295A of the *Corporations Act 2001* (Cth) (the **Act**) and the ASX Principles.

4.3 External auditor attendance at the AGM

The Group's external auditor attends the AGM each year and is available to answer questions on the Group's financial statements and the conduct of the audit.

Ernst & Young (**EY**) is the Group's external auditor, following the resignation of the Group's previous auditor, KPMG, effective from the conclusion of Growthpoint's 2019 AGM which KPMG's lead audit partner attended. The lead audit partner of EY will attend the 2020 AGM.

Principle 5 – Make timely and balanced disclosure

The Board has approved a Continuous Disclosure, Media and Public Comments Policy to:

- ensure that the Group complies with its disclosure obligations under the Act and the ASX Listing Rules to disclose material price sensitive information to the ASX;
- outline the Group's procedures for identifying material price sensitive information and the roles and responsibilities of Directors, officers and employees in complying with the Group's disclosure obligations;
- outline the Group's policy on media contact and comment; and
- address potential selective disclosure issues associated with analyst and investor briefings.

The Group also has a Rapid Response Policy and Procedure, which supplements the Continuous Disclosure, Media and Public Comments Policy and outlines procedures to enable disclosure in unusual or emergency circumstances such as an unsolicited takeover, natural disaster or sudden potential significant loss of income and the timely calling of trading halts in the Group's securities.

As recommended by the 4th edition of the ASX Principles:

- the Directors receive copies of all market announcements from the ASX at the time the announcements are released to ensure that the Board has timely visibility of the nature and quality of the information being disclosed and the frequency of such disclosures; and
- any new and substantive investor or analyst presentations are released to the ASX ahead of the presentations.

Principle 6 – Respect the rights of Securityholders

6.1 Growthpoint's website

Growthpoint is committed to providing Securityholders and other stakeholders with accessible information about the Group and its governance. Growthpoint launched a new corporate website during the Reporting Period, which is intuitive, easy to navigate and regularly updated.

The Group's key corporate governance documents, including the Company and Trust's constitutions, the charters of the Board and its Committees and the Group's key policies, are available on the corporate governance page of Growthpoint's website at: <https://growthpoint.com.au/corporate-governance>.

Growthpoint's new website also contains:

- information of each of its Directors and EMT;
- the Group's corporate structure and values;
- details of the Group's property portfolio and sustainability reports and achievements; and
- an investor centre which provides access to the Group's results, reports, presentations, events calendar, distributions and tax information, ASX announcements, security price performance against the ASX200 and ASX200 A-REIT index, analyst coverage details, frequently asked questions and a summary of the Group's history.

6.2 Investor relations program

Growthpoint's Investor Relations Manager coordinates an investor relations program to facilitate effective two-way communication with investors. The program includes:

- Growthpoint's AGM in November each year, which all Securityholders are encouraged to attend;
- an annual report published in August, a half year report published in February and quarterly investor updates, all of which are available on Growthpoint's website;
- a market briefing by management every six months following the release of the Group's annual and half year financial results. The market briefings are webcast live and management is available to answer questions raised by analysts and investors. Shortly after the briefing, the webcast is available on Growthpoint's website for replay;
- engagement with proxy advisers, including organisations that represent the Group's retail securityholders; and
- investor presentations and meetings with investors across Australia and overseas. During the COVID-19 pandemic, as non-essential travel has been suspended, the Group has been hosting virtual meetings with investors.

Investors may also direct their enquiries, concerns or complaints to investor.relations@growthpoint.com.au. Emails to this address are monitored by Growthpoint's investor relations team.

6.3 Participation at Securityholder Meetings

Securityholders are entitled to attend Growthpoint's AGM in person, through a live webcast available on Growthpoint's website or by proxy. The AGM provides an opportunity for Securityholders to ask questions of, and express views to, the Board and management about the Group.

Securityholders may provide questions they would like addressed at the AGM via email prior to the meeting. The AGM is recorded and available for viewing at any time on Growthpoint's website.

As recommended by the 4th edition of the ASX Principles, all substantive resolutions at the AGM are decided by a poll rather than by a show of hands.

6.4 Electronic communications

Securityholders are encouraged to send and receive electronic communications to and from Growthpoint's security registry, including notices of AGMs and annual reports, to assist with Growthpoint's commitment to sustainability, as well as being more cost effective.

Growthpoint's security register is managed by Computershare. Securityholders may update their communication preferences electronically on the Computershare website.

Principle 7 – Recognise and manage risk

7.1 Audit, Risk and Compliance Committee

As outlined in section 4.1 of this statement, the Board has established an Audit, Risk and Compliance Committee to assist with oversight of the Group's risk management framework. See section 4.1 for details of the Committee members and their attendance at Committee meetings during the Reporting Period.

The Committee's responsibilities in relation to risk management include:

- overseeing and reviewing the Group's risk management framework and internal control systems;
- monitoring the implementation by management of appropriate and adequate risk management controls and reporting systems; and
- overseeing reporting by management to the Board as to whether the Group's material risks are being effectively monitored and mitigated.

7.2 Risk Management Framework

Growthpoint recognises the importance of risk management across its entire business landscape and how a structured and cohesive approach to risk identification, assessment and management is a fundamental foundation of good corporate governance.

Growthpoint does not seek to eliminate all risk as this would remove opportunities as well as upside risk. Instead, Growthpoint seeks to effectively manage risk required to achieve its strategic objectives.

The Group's risk management framework includes an overarching Risk Management Framework Policy, which governs the Group's approach to identifying and managing risks and the roles and responsibilities within Growthpoint. As recommended by the 4th edition of the ASX Principles, this policy has procedures for considering, identifying and assessing relevant contemporary and emerging risks. The policy is reviewed annually to ensure that it continues to be sound and effective to identify and manage the Group's risks.

The Board and the Audit, Risk and Compliance Committee approve the Group's risk policies, strategies and framework. Management is responsible for the implementation of the Group's system of risk management and controls. Management reports to the Audit, Risk and Compliance Committee on a quarterly basis, and the Board on a semi-annual basis, regarding the Group's key risks and the effectiveness of the controls in place to manage those risks.

During the Reporting Period, the Board, with the assistance of the Audit, Risk and Compliance Committee, reviewed the Group's risk management framework and determined that it was sound.

7.3 Internal audit function

During the Reporting Period, Growthpoint adopted an internal audit function comprising an internal resource and an external service provider, Deloitte, that was appointed by the Audit, Risk and Compliance Committee.

The internal audit function reports operationally to the Chief Operating Officer and functionally to the Audit, Risk and Compliance Committee.

The Partner-in-Charge from Deloitte has direct access to the Managing Director and the Chair of the Audit, Risk and Compliance Committee.

During the Reporting Period, the Audit, Risk and Compliance Committee approved a new three year internal audit plan commencing in 2020.

The development of the new audit plan included consideration of:

- the Group's risk registers and initiatives;
- discussions with members of the EMT;
- the outcomes of previous internal audit reviews undertaken;
- Deloitte's perspective on current market and industry trends; and
- other assurance activities undertaken in respect of the Group.

The role of the internal audit function is to provide assurance to the Audit, Risk and Compliance Committee as to the effectiveness of the Group's processes for managing particular areas of risk and compliance. The internal audit function reports progress against the internal audit plan and the status of the implementation of the agreed internal audit recommendations to the Audit, Risk and Compliance Committee.

7.4 Material exposure to economic, environmental and social sustainability risks

As outlined in section 7.2 of this statement, the Group has in place a risk management framework which provides a structured and consistent approach in identifying and managing the Group's key risks.

As part of the semi-annual assessment of the Group's key risks and the assessment of any emerging risks which could have a material impact on the Group identified outside of a semi-annual review, management considers whether the Group has any material exposure to economic, environmental and social sustainability risks.

Please refer to pages 28 and 29 of the Group's FY20 Annual Report for the Group's key risks and how it is managing those risks.

Principle 8 – Remunerate fairly and responsibly

8.1 Nomination, Remuneration and HR Committee

As outlined in section 2.1 of this statement, the Board has established a Nomination, Remuneration and HR Committee to assist the Board in discharging its responsibilities in relation to human resources and remuneration matters. See section 2.1 for details of the Committee members and their attendance at Committee meetings during the Reporting Period.

The Committee's responsibilities include reviewing and making recommendations to the Board as required in relation to the:

- remuneration of Directors;
- remuneration packages awarded to the Managing Director and other key management personnel (including incentives and their performance);
- Managing Director's recommendations for the remuneration of the Group's other employees; and
- introduction of, and amendments to, any employee share plan established by the Group.

The Committee also oversees Growthpoint's remuneration framework, policies and practices generally.

8.2 Remuneration framework and policies

Growthpoint's remuneration framework is based on attracting and retaining suitability qualified and experienced Board members and employees in each respective role and tailored to encourage overall performance which is in the best interests of all Securityholders.

The FY20 Remuneration Report on pages 34 to 52 of the Group's FY20 Annual Report outlines the Group's remuneration framework, policies and practices (including the Minimum Securityholder Requirement) that were in place during the Reporting Period, and details the remuneration paid to Directors and executive Key Management Personnel for the Reporting Period.

8.3 Equity based remuneration scheme

The Group has in place an Employee Securities Plan (**Plan**) for all employees and the Managing Director. The Plan is designed to link employees' remuneration with the Group's long-term strategic objectives and financial performance.

Under the Group's Securities Trading Policy, officers and employees eligible to be granted securities as part of their remuneration are prohibited from entering into a transaction that effectively operates to hedge or limit the economic risk of securities allocated under the Plan during the period those securities remain unvested or subject to other restrictions under the terms of the Plan.

The Group's Securities Trading Policy is available on Growthpoint's website at:
<https://growthpoint.com.au/corporate-governance>.

FY20 Corporate Governance Statement

Growthpoint Properties Australia
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growthpoint.com.au

