

Growthpoint Properties Australia

Growthpoint Properties Australia Trust ARSN 120 121 002

Growthpoint Properties Australia Limited ABN 33 124 093 901 AFSL 316409

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



space  
to thrive

## 2018 Sustainability Report

For the year ended 30 June 2018

**GROWTHPOINT**  
PROPERTIES







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### About this Report

This report forms part of the Directors' Report of the Annual Report but is only available on-line to reduce paper and enable fulsome reporting on a range of matters.

This report is as comprehensive as Growthpoint's directors and management consider appropriate following stakeholder feedback and a review of reporting by Growthpoint's peers in relation to sustainability matters. It contains a significant amount of information much of which will be only be relevant to certain users. Users are encouraged to consider the environmental impact before printing this report and, where printing is required, limit this to the relevant sections rather than the full report.

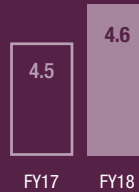
## FY18 Highlights



### Environment



Targeting net zero emissions by 2050 across all properties under operational control



**4.6★**  
Average NABERS Energy rating  
(FY17: 4.5 stars)



**B**  
2017 CDP Climate Performance score  
(CY16: C rating)



### Social



**50%**  
of employees are women  
(30 June 2017: 43%)



**\$47,786**

Donations  
(FY17: \$30,617)



### Governance

**Baa2**

grade credit rating maintained since November 2015



Improved Board diversity to 25% female  
(30 June 2017: 14%)



### Operations

**\$524.3m**

Economic Value Provided in FY18<sup>1</sup> comprising \$248.2m Generated Value<sup>2</sup> and \$276.0m Distributed Value<sup>3</sup>  
(FY17: \$564.2m)

**\$21.9m**

Taxes paid in FY18<sup>4</sup> equating to 8.6% of revenue  
(FY17: \$27.2m, 10.4% of revenue)

1. Economic Value Provided is the sum of Economic Value Generated and Economic Value Distributed (calculated in accordance with GRI methodology).
2. Economic Value Generated is the sum of cash receipts from customers plus interest received.
3. Economic Value Distributed is the sum of Director and employee wages and benefits, payments to providers of capital, payments to Australian governments and all other cash expenses
4. Consists of stamp duty, net GST, income tax, payroll tax and mortgage duties calculated in accordance with GRI methodology.





By providing tenants with great places to work and do business we can positively impact the communities where our buildings are located. We recognise the link between great spaces to work and securing long-term returns for our Securityholders



Growthpoint is advancing significant renewable energy projects to support our sustainability objectives



## Message from the Chairman and the Managing Director

### Focus to remain on reducing our energy consumption and greenhouse gas emissions



**Geoff Tomlinson**  
Chairman



**Timothy Collyer**  
Managing Director

#### It's with pleasure that we welcome you to Growthpoint Properties Australia's Sustainability Report for FY18.

We are extremely proud of what the company has achieved over the past 12 months both in terms of continuing to deliver outperformance for our Securityholders and having a positive impact on the communities in which we operate. This is the Group's third standalone Sustainability report and continues a path we believe in, where doing the right thing will continue to deliver positive financial performance for our Securityholders. We look forward to highlighting the ways in which we are putting this into practice.

Operationally we continue to optimise our property portfolio and reset the business for future growth. There were several acquisitions and divestments where attractive pricing was achieved, while materially reducing gearing from 38.5% to 33.9%, putting the Group in a strong position to continue to grow.

In FY17, we set ourselves the ambitious target of moving to net zero emissions across all properties over which we have operational control by 2050. As a significant investor in real property, it is critical that we ensure our business has a long-term focus, and we believe this target is aligned to that long-term strategic objective. To that end, a number of renewable energy projects are being progressed, including:

- › Solar installations at our new office development at Botanicca 3 in Richmond, Victoria
- › Solar panels to be installed at our existing building at Dorcas St, South Melbourne, Victoria; and
- › Consideration of a solar installation at Woolworths distribution centre in Gepps Cross, South Australia

Investment in these projects demonstrates a genuine commitment to renewable energy being made by the Group. Most importantly, however, for our Securityholders is that these projects will ensure we continue to attract the highest quality tenants in our buildings, already some of the most energy efficient in the country and will ensure stability in the income we generate. More detailed information about these projects is contained on pages 10-11 of this report.



Growthpoint continued to demonstrate leadership on issues of gender equality through its employment processes. 50% of Growthpoint's staff are female (from 43% female 12 months ago) and the appointment of an additional female director (Josephine Sukkar AM, who commenced on 1 October 2017) and a female general counsel and company secretary (Yien Hong, appointed 13 April 2018) improves the gender equality on Growthpoint's board and executive team. Importantly these appointments bring improved diversity in the Group's already broad combined skillset, with special mention of Josephine's extensive construction experience as we undertake the new office development at Richmond, Victoria, and other planned expansions of properties to enable our tenants to continue growing in Growthpoint properties.

Our focus in FY19 will be to continue reducing our energy consumption and greenhouse gas emissions across Growthpoint operationally controlled properties, and to strive to achieve our new environmental targets. We will also continue to embed practices of good governance within the Group, so that all employees understand the importance of our responsibility as a growing company, building a positive influence on society.

On behalf of the Board and management team, we would like to thank all our investors for their continued support of Growthpoint. We would also like to thank all our staff, tenants, third party suppliers, debt providers and other stakeholders. We look forward to continuing to add value and build on the solid foundations we have set for the Group.

**Geoff Tomlinson**  
Independent Chairman & Director

**Timothy Collyer**  
Managing Director

Growthpoint Properties Australia Limited

## Our stakeholders





## Growthpoint's Sustainability Framework

Growthpoint's sustainability framework has been designed with key stakeholders at front of mind



### 1. Investors

- ✓ Providing sustainable returns
- ✓ Minimising losses by conducting thorough due diligence for asset acquisitions
- ✓ Providing relevant information requested or required by current and potential investors such as corporate governance statement
- ✓ Meeting sustainability requirements and participating in GRESB and CDP surveys
- ✓ Demonstrate Growthpoint's knowledge and focus on current and future trends by buying "green" buildings and inclusion of climate change as part of asset review
- ✓ Appropriate identification, monitoring and mitigation of risks
- ✓ Focus on transparent and diligent market announcements
- ✓ Website up to date
- ✓ Promote use of electronic communications
- ✓ Regular investor communications through investor updates and periodic reporting and disclosure



### 2. Tenants

- ✓ Regular tenant meetings to discuss leasing matters, ongoing projects for improvement of services and ongoing governance
- ✓ Increasing engagement with tenants through annual surveys
- ✓ Improving amenities of buildings for tenants and their employees
- ✓ Decreasing tenant costs through reduction in energy costs
- ✓ Decreasing tenant compliance burden by providing data required for tenants' sustainability reporting
- ✓ Continued focus on compliance and governance for building related services
- ✓ Regular tenant communications and notifications regarding works or repairs



### 3. Other Stakeholders

- ✓ Increasing employee engagement through regular employee events
- ✓ Building internal capability (e.g. internal training program)
- ✓ Reinforcing Growthpoint's reputation as an employer of choice.
- ✓ Focus on promoting employee wellbeing through employee counselling service, OH&S reviews and employee health checks
- ✓ Diversity of directors and employees
- ✓ Compliance with debt covenants
- ✓ Continuing to be a good corporate citizen by providing volunteering opportunities, sponsorships and donations
- ✓ Limiting Growthpoint's impact on the environment through energy reduction and recycling initiatives
- ✓ Contribution to the property industry with Property Council of Australia (PCA) membership and Property Industry Foundation participation

## Investment in renewable energy

Growth in onsite solar generation from Growthpoint's properties



3 Murray Rose Ave,  
Sydney Olympic Park, NSW



5 Murray Rose Ave,  
Sydney Olympic Park, NSW

**86Mwh**

Onsite solar generation  
during CY16



**Two-fold increase in  
number of properties  
with onsite solar  
generation**

**317Mwh**

Onsite solar generation  
during CY17

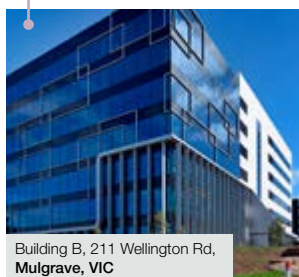


3 Murray Rose Ave,  
Sydney Olympic Park, NSW



5 Murray Rose Ave,  
Sydney Olympic Park, NSW

Growthpoint development fund-throughs



Building B, 211 Wellington Rd,  
Mulgrave, VIC



Building C, 211 Wellington Rd,  
Mulgrave, VIC



## Planned renewable energy projects being investigated through FY19

### 599 Main North Rd, Gepps Cross, SA



- > Negotiating with tenant regarding \$50 to \$60 million expansion of Gepps Cross
- > Exploring the use of sustainable energy options including the proposed addition of a 1.6MW solar farm



### Botanicca 3, 572-576 Swan St, Richmond, VIC



- > Design and construct building contract for the Botanicca 3 development includes provision for a total of 120kW solar photovoltaic roof mounted installation.
- > Detailed design is currently underway
- > Structural and spatial provision for future battery storage infrastructure (for connection to solar PV system) is being considered as part of the project
- > Project completion scheduled for second half of CY20



### 75 Dorcas St, South Melbourne, VIC



- > Feasibility study completed to identify most viable solar projects within Growthpoint portfolio
- > Dorcas Street suitable investment proposition based on:
  - Size of roof
  - Payback period
  - Percentage offset of existing energy usage
- > Systems to generate up to 200kW
- > Estimated savings of ~300tCO<sub>2</sub>-e per annum
- > Emissions saving equivalent to taking 66 cars off the road for a full year
- > Project to progress through FY19

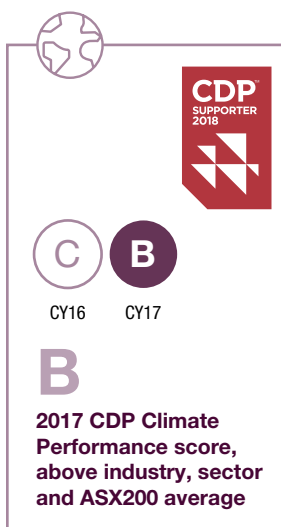
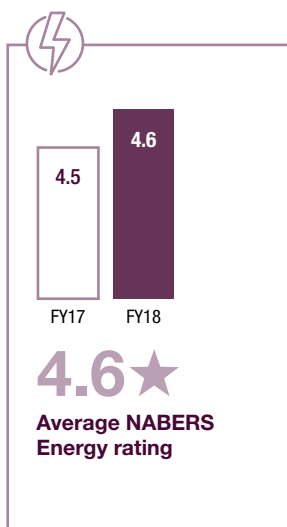


## Environment overview

Growthpoint continues to focus on consuming resources efficiently



### FY18 Achievements



## Base-year review & target setting

Our base year for energy and GHG emissions has been reset from CY14 to CY17, following the significant changes in our footprint resulting from a period of heightened property acquisition during CY15 and CY16. Substantial changes in our property portfolio represented a material increase in energy and water consumption, and emissions profile. The 2017 calendar year represents a typical full-year consumption profile for resource usage (energy, water and waste) where we have reliable and complete data for all operationally controlled properties.

In accordance with the guidelines set out in the GHG protocol for Corporate Accounting and Reporting Standard, we have reset our base year from CY14 to CY17.

Environmental performance data included in our revised base year represents all properties which we held for the 12 months to 31 December 2017. Going forward, our environmental performance tracking over time will be referenced to the 2017 year.



### New Environmental Targets\*

- a 10% reduction in Scope 1 & 2 GHG emissions across operationally controlled, like-for-like properties
- a 5% reduction in waste to landfill across like-for-like operationally controlled office properties

\*Reductions to be achieved across Growthpoint's operationally controlled like-for-like office assets, by 2021 against CY2017 base year.



**Steve Lee**  
Manager - Projects and Sustainability



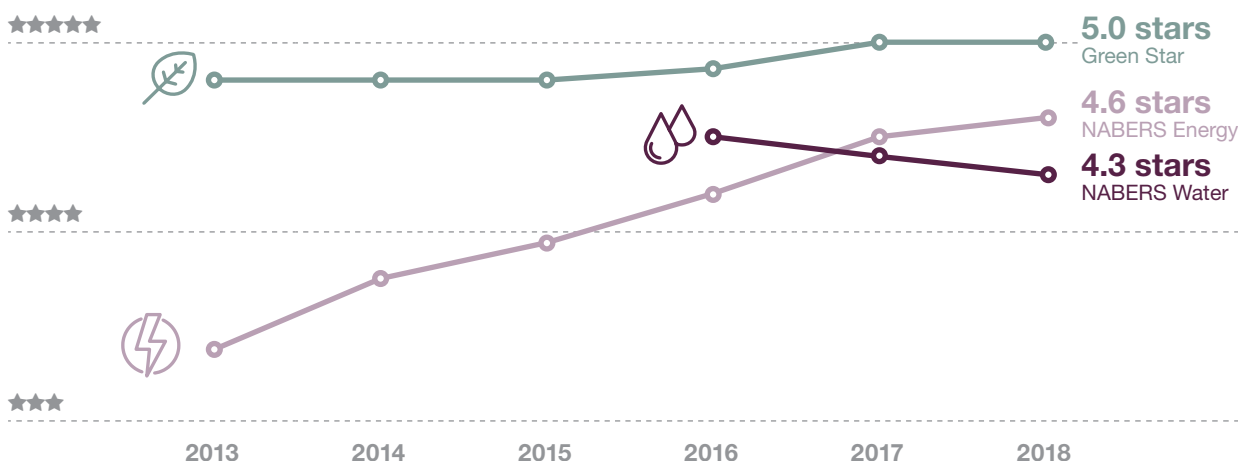
**Agnes Nhidza**  
Sustainability Analyst



Our focus in FY19 will be on reducing energy, water and waste consumption across the portfolio, implementation of resource efficiency projects and initiatives and developing renewable energy opportunities. Growthpoint will also continue to engage with stakeholders to drive sustainable procurement practices.

## Environment overview continued

### Portfolio NABERS and Green Star ratings



### Resource consumption

Growthpoint has an ongoing commitment to ensure we maintain and adhere to our sustainability standards. This includes our program to increase average NABERS ratings across our portfolio and maintain a high Green Star rating (among other initiatives). Energy efficiency of potential new acquisitions is a key consideration in our portfolio management decisions.

**12** Our environmental reduction targets were revised with a CY17 base year (see page 12 for further information). We are aiming to reduce our emissions by 10% on an absolute basis over the next four years. In addition, we have set a 5% reduction target in waste to landfill. Our targets are measured across all operationally controlled office properties. These reductions will be achieved through a combination of planned capital expenditure projects and a stronger focus on monitoring and managing resource consumption in buildings.

### Management Approach and Methodology

Growthpoint has a documented approach to the management, review and record keeping of all energy consumption, water and GHG emissions data. This documented procedure, which is reviewed and updated annually, has been adopted for collecting and capturing GHG emissions information to meet requirements for voluntary reporting

programs such as GRESB and CDP and outlines how Growthpoint:

- determines which facilities and activities should be included in energy and GHG emissions (scope 1 and 2) reporting;
- defines scope 3 emissions reporting boundaries;
- collects energy and GHG emissions data for internal and external reporting;
- ensures that energy consumption and GHG emissions data is robust and calculated according to verifiable methodologies; and
- maintains appropriate data and records through internal review processes, third party audits, and document retention.

The adopted management approach and ongoing monitoring of resource consumption/performance are aspects of material importance to Growthpoint as poor performance will adversely affect the environmental sustainability objectives of the Group, which in turn may diminish our corporate brand and ability to increase financial returns to Securityholders and retain/attract quality tenants.

### Operational Control

Operational control is defined as having the ability to introduce and implement operating, health & safety or environmental policies and measures for a facility.

Reporting against Growthpoint's 5% energy reduction target by 2018 is on a like-for-like basis for properties which Growthpoint has operational control. This target is in the final year of reporting and will be retired as we adopt our new CY17 base year for our 10% energy reduction target by 2021.

Growthpoint adopts the principles within the National Greenhouse and Energy Reporting Act 2007 and associated guidelines to determine the operational control of its properties.

**20** The properties which Growthpoint has operational control over are detailed in the table on page 20.

The car park properties at SW1 (South Brisbane) and 572-576 Swan Street (Richmond) have been excluded as no material resource consumption is applicable.

In addition to reporting resource consumption data for operationally controlled properties, Growthpoint captures and monitors energy, water and GHG emissions for all office properties not under the Group's operational control, which are also detailed in the table on page 20.

Resource consumption data is also captured and monitored for industrial properties where data is made available by tenants, which includes water consumption (47% by floor area) and energy consumption (13% by floor area). Energy consumption data from our Woolworths tenanted properties



(36% by floor area) is not captured or monitored by Growthpoint, however, Woolworths provides separate corporate sustainability reporting. Growthpoint continues to encourage tenants to share resource consumption data with the aim of working together to implement measures to reduce energy, water and GHG emissions.

### Assurance

WSP has provided independent third party limited assurance of CY17 resource consumption data (as per ISAE3000) to international verification standard ISO14064-3 for:

- › Scope 1 & Scope 2 GHG emission sources including all energy sources;
- › Scope 3 GHG emission sources for managed (operationally controlled) assets, head office, indirectly managed tenancy spaces and other Scope 3 sources; and
- › All water sources.

58

A letter of assurance is included on pages 58-59.

### Voluntary GHG Abatement

Growthpoint is reducing its carbon footprint with continued investments in high green credentialed properties that contain renewable and low-carbon technologies. Four office properties include substantial solar photovoltaic installations:

- › 5 Murray Rose Avenue, Sydney Olympic Park, NSW (130kW system)
- › 3 Murray Rose Avenue, Sydney Olympic Park, NSW (100kW system)
- › Building B, 211 Wellington Road, Mulgrave, VIC (20 kW solar PV system)
- › Building C, 211 Wellington Road, Mulgrave, VIC (20 kW solar PV system)

Green power was purchased for the following office properties:

- › 6 Parkview Drive, Sydney Olympic Park, NSW (40% green power)
- › 102 Bennelong Parkway, Sydney Olympic Park, NSW (40% green power)
- › 3 Murray Rose Avenue, Sydney Olympic Park, NSW (40% green power)
- › 5 Murray Rose Avenue, Sydney Olympic Park, NSW (40% green power)



Solar inverters at 5 Murray Rose Avenue, Sydney Olympic Park, NSW

- › 15 Green Square Close, Fortitude Valley, QLD (16% Green Power)
- › 1 Charles Street, Parramatta, NSW (15% Green Power)

### Waste Management

Growthpoint has implemented a monitoring and reporting waste management program to track operational waste, recycling outputs and costs for our office portfolio. An independent third-party provider collects/validates waste reports/invoices, undertakes site inspections and uploads to a Growthpoint specific data management platform.

Waste data is captured and reported for 97% of the managed office portfolio with 20% of waste in CY17 having been diverted from landfill. Some estimated data has been included for 33-39 Richmond Road, Keswick SA where the waste contractor (engaged by tenant) does not currently provide appropriate waste reporting.

### Energy consumption intensity

Energy use intensity is calculated using the total energy consumption (kWh converted to MJ) across the office portfolio and dividing by lettable floor area (sqm). Intensity units are therefore MJ/sqm. Intensities are used by Growthpoint to monitor short and long-term progress in implementation of energy efficiency initiatives and to



A total of 175MWh of solar energy was generated during CY17 from 5 Murray Rose Avenue, Sydney Olympic Park, NSW

provide a basis of comparison between property performance levels. This energy performance information (including energy cost management) assists with monitoring tracking towards energy/emission reduction targets and feeds into ongoing decision making on facility management strategies, engagement with tenants and capital allocation for future project activities.

20 21

Refer to pages 20 and 21 for energy emission intensity figures for office properties.

## Environment overview continued

### Performance Summary

CY14 was previously established as Growthpoint's base year for energy, water and GHG emissions, which was the earliest relevant point in time for which Growthpoint have reliable, validated data. Performance commentary against the CY14 target is included on



page 19 along with our Sustainability Objectives summary.

Our base year has now been reset to CY17 for reporting against our new four year environmental reduction targets.

Key points:

- Scope 1 & 2 absolute emissions across consistent facility boundaries have increased by 219 tCO<sub>2</sub>-e from CY16 to CY17 (10% reduction in Scope 1 and 4% increase in Scope 2). This increase was due to an increase in occupancy rates in some buildings which consequently increased energy consumption and higher seasonal temperatures. This increase was offset by energy savings achieved through initiatives such as equipment replacements and upgrades (more efficient chillers and lifts).
- Water consumption drastically increased by 38% in CY17 when compared to CY16. This was due to excessive water usage from faulty equipment in two buildings. An increase in occupancy levels also contributed to an increase in water usage.
- Average office vacancy rates (on a like-for-like basis) reduced from 8% in CY16 to 5% in CY17. This includes vacant tenancy areas, which may still be under tenant lease arrangements.
- Various energy savings have been achieved through capital improvement initiatives and from operational issues identified through building energy monitoring systems.
- Growthpoint will continue to target reductions in energy, water and GHG emissions in FY19 by implementing appropriate strategies across the portfolio.

## Growthpoint Emissions Summary by Scope

Scope 1, Scope 2 and Scope 3 emissions (as outlined in the GHG Protocol) are included as follows:

1

**Scope 1** emissions cover emissions related directly to Growthpoint's operations, released from sites or equipment under the operational control of Growthpoint (i.e. base building natural gas sourced directly from the pipeline consumed by facilities within Growthpoint's operational control)

2

**Scope 2** emissions cover indirect emissions from purchased electricity, consumed in sites under Growthpoint operational control (i.e. base building electricity consumed by facilities within Growthpoint operational control; and consumption of electricity at Growthpoint's Head Office)

3

**Scope 3** emission sources cover indirect upstream and downstream activities used to support Growthpoint business operations (purchased goods, gas and electricity consumption, business travel, and tenant electricity and gas consumption).

Relevant emission sources are assessed and included, according to materiality to Growthpoint. Scope 1 and Scope 2 activity materiality is assessed based on the thresholds as outlined in the NGER Measurement Determination. Scope 1 and 2 sources that are relevant to Growthpoint and fall below these thresholds are excluded from GHG and energy reporting. Materiality of Scope 3 Emission sources relevant to Growthpoint is based on the GHG Protocol Scope 3 Guidance approach to assessing materiality. Scope 3 emissions sources have been included or excluded based on the materiality assessment.

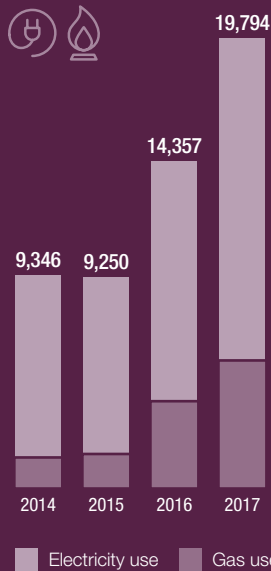
Average of Scope 1 and 2 Emissions Factors from FY17 and FY18 NGER Determinations to match Growthpoint calendar year reporting have been adopted. The National Greenhouse Accounts (NGA) Factors have been adopted for Scope 3 Emission, (i.e. average of August 2016 NGA Factors and July 2017 NGA Factors.)

## Consumption performance trends

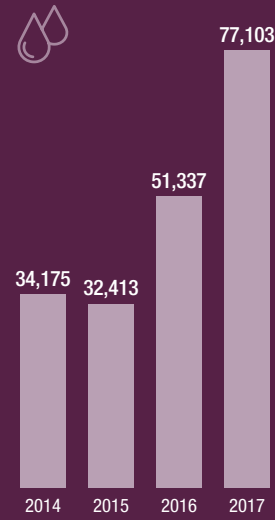
Increases primarily due to new assets acquired

### Resource consumption – absolute

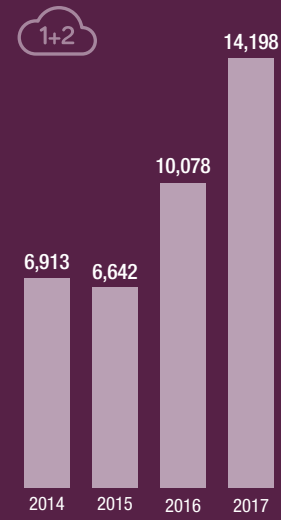
Energy consumption trends (MWh)



Water consumption trends (cubic metres)



GHG emission trends (Scope 1 & 2) (tCO<sub>2</sub>-e)



### CY17 Resource consumption – like-for-like comparison



↑ **9,476Mwh**

Energy consumption  
(CY16: 9,276Mwh)

↑ **2%**

like-for-like change  
– energy consumption



↑ **36,637m<sup>3</sup>**

Water consumption  
(CY16: 26,564m<sup>3</sup>)

↑ **38%**

like-for-like change  
– water consumption



↑ **6,776tCO<sub>2</sub>-e**

Scope 1 & 2 GHG emissions  
(CY16: 6,557tCO<sub>2</sub>-e)

↑ **3%**

like-for-like change  
– scope 1 & 2 emissions



↓ **19%**

Waste diverted from  
landfill (CY16: 16%)



See page 20 for a comprehensive summary of Growthpoint's office portfolio sustainability performance data



## Resource consumption summary

### Resource Consumption – absolute

		CY17	CY16	CY15	CY14
<b>Resource Consumption (operationally controlled properties)</b>					
Electricity use <sup>1</sup>	MWh	15,470	11,381	8,019	8,230
Gas use	MWh	4,324	2,976	1,231	1,116
Water use	cubic metres	77,103	51,337	32,413	34,175
<b>GHG emissions (operationally controlled properties)</b>					
Scope 1	tCO <sub>2</sub> -e	802	552	228	207
Scope 2 <sup>1</sup>	tCO <sub>2</sub> -e	13,396	9,526	6,414	6,706
Total Scope 1 and 2	tCO <sub>2</sub> -e	14,198	10,078	6,642	6,913
Scope 3	tCO <sub>2</sub> -e	17,673	11,128	10,965	11,382
<b>Waste / Recycling (all office properties)</b>					
Managed office assets <sup>2</sup>	metric tonnes	1,427	1084	Not reported	Not reported
Indirectly managed office assets	metric tonnes	385	258	Not reported	Not reported
Waste diverted from landfill	%	20	30	Not reported	Not reported
On-site renewable energy generated <sup>3</sup>	MWh	317	86	Not reported	Not reported

### Resource Consumption – like-for-like comparison<sup>4</sup>

		% Change	CY17	CY16 <sup>5</sup>
<b>Resource Consumption (operationally controlled properties)</b>				
Electricity use (base) <sup>6</sup>	MWh	4%	8,148	7,798
Gas use	MWh	-10%	1,328	1,478
Water use	cubic metres	38%	36,637	26,564
<b>GHG emissions (operationally controlled properties)</b>				
Scope 1	tCO <sub>2</sub> -e	-10%	246	274
Scope 2 <sup>6</sup>	tCO <sub>2</sub> -e	4%	6,530	6,283
Total Scope 1 and 2	tCO <sub>2</sub> -e	3%	6,776	6,557
<b>Waste / Recycling</b>				
Total waste	metric tonnes		683	579
% diverted from landfill	%		19%	16%
<b>Consumption/emissions intensity<sup>7</sup></b>				
Energy consumption intensity	MJ/sqm	17%	322	317
Water consumption intensity	cubic metres/sqm	61%	0.37	0.26
Scope 1 & 2 GHG emissions intensity	kg CO <sub>2</sub> -e/sqm	18%	65	63

1. Includes Growthpoint's Head Office. Scope 2 GHG emissions only applicable: CY14: 27.16 tCO<sub>2</sub>-e (23.11 Mwh), CY15: 28.16 tCO<sub>2</sub>-e (24.38Mwh), CY16: 19.39 tCO<sub>2</sub>-e (17.47Mwh) and CY17: 28 tCO<sub>2</sub>-e (28Mwh). Scope 2 emissions figures are Location Based.

2. CY16 waste data has been restated for managed office assets from a total of 1,465 tonnes to 1,084 tonnes. This was due to inclusion of pre-acquisition data from the GPT Metro Office Property Fund.

3. Includes solar generated electricity at 3 Murray Rose Avenue and 5 Murray Rose Avenue, Sydney Olympic Park, NSW and Building B, 211 Wellington Road, Mulgrave, VIC. Solar generated electricity at Building C, 211 Wellington Road, Mulgrave, VIC has currently been excluded (solar data generated not validated).

4. Figures only include properties within Growthpoint's Operational control. Please refer page 20 for details.

5. CY16 data has been adjusted to exclude 1231-1241 Sandgate Road, Nundah from the like-for-like as this property was divested during the reporting year.

6. Excludes Growthpoint's Head Office.

7. Intensity data is based on lettable floor area and the figures have not been normalised for factors such as changes in tenant vacancies, seasonal temperature fluctuations, etc.

## Environment

### Sustainability objectives summary

Objective	Target	Time frame	Achievement as of date of this report
<b>Decrease environmental impact by reducing energy/water consumption and greenhouse gas emissions across the portfolio</b>	5% reduction in Scope 1 and Scope 2 emissions (i.e. energy use) across Growthpoint's operational controlled like-for-like properties on an absolute basis from a CY14 base year.	2018	Scope 1 & 2 GHG emissions increased by 2% across Growthpoint's operationally controlled like-for-like properties on an absolute basis from CY14 to CY17, this is due to realised savings from emission reduction initiatives being offset by changes in tenancy occupancy levels. On average, vacancy rates dropped to 4% in CY17 compared to an average of 9% in CY14. Higher seasonal temperatures and other less material impacts also contributed to a net increase in energy consumption from CY14 to CY17.
	100% reduction in Scope 1 and Scope 2 emissions by 2050 against a 2016 base year. This target is aligned with international climate change action and states Growthpoint's intention to move to net zero emissions by 2050 across all operationally controlled properties.	2050	Growthpoint is currently reviewing Science based methodologies to achieve this aspirational target.
<b>Develop program for measuring and reporting environmental impact</b>	Implement program for measuring and reporting environmental impact.	2018 ✓	A documented approach for collection of energy and GHG emissions information to meet ESG reporting requirements has been developed. Web-based system in place for capturing energy/water and waste consumption data.
<b>Improve NABERS ratings across office portfolio and enhance buildings for tenants</b>	Achieve a minimum average of 4.0 star NABERS energy rating.	2018 ✓	The average NABERS energy rating for office properties has increased to 4.6 stars (up from 4.5 stars in FY17).
<b>Improve sustainability procurement processes and practices for our capital expenditure program</b>	Ensure the majority of third party engagements contain sustainability requirements.	2018 ✓	During FY18, we developed sustainability guidelines which are now annexed to our standard form agreements for Key Service Providers that we encourage and expect our suppliers to comply with.
<b>No environmental fines or penalties imposed on the group</b>	No environmental fines or penalties imposed on the Group and mitigation strategies in place.	On-going	No environmental fines or penalties have been imposed on the Group. Due diligence undertaken on new acquisitions to identify and mitigate risks. Actual / potential risks and hazards reviewed.
<b>Improve waste management reporting and performance monitoring across the office portfolio and reduce percentage of waste being diverted to landfill</b>	Achieve 5% reduction in waste being diverted to landfill across Growthpoint's like-for-like office properties from a CY16 base year.	2019	A monitoring and waste reporting/data management program to track operational waste, recycling outputs and costs for our office portfolio has been implemented. Annual waste data for office properties is checked by an independent third party waste management consultant. Proportion of waste diverted from landfill increased to 19% CY17, compared to 16% in CY 16, across the like-for-like office properties. This represented a 3% achievement against the 5% target. We have also reset the base year for this target to CY17 to incorporate an additional 10 office properties that were previously excluded from the target. A monitoring and waste reporting/data management program to track operational waste, recycling outputs and costs for our office portfolio has been implemented. CY17 waste data for office properties has been checked by an independent third-party waste management consultant.

## Property portfolio information (CY17)

Address			Lettable area	Operationally controlled	Included in like-for-like data
			<i>sqm</i>		
75 Dorcas Street	South Melbourne	VIC	19,836 <sup>1</sup>	✓	✗
109 Burwood Road	Hawthorn	VIC	12,403 <sup>2</sup>	✓	✗
Bldg 2, 572-576 Swan Street	Richmond	VIC	14,602	✗	✗
Bldg B, 211 Wellington Road	Mulgrave	VIC	12,780	✓	✓
Bldgs 1 & 3, 572-576 Swan Street	Richmond	VIC	9,909	✗	✗
Bldg C, 211 Wellington Road	Mulgrave	VIC	10,304	✓	✗
15 Green Square Close	Fortitude Valley	QLD	16,442	✓	✗
333 Ann Street	Brisbane	QLD	16,394	✓	✓
CB1, 22 Cordelia Street	South Brisbane	QLD	11,529	✓	✓
A1, 32 Cordelia Street	South Brisbane	QLD	10,004	✓	✓
A4, 52 Merivale Street	South Brisbane	QLD	9,405	✓	✓
CB2, 42 Merivale Street	South Brisbane	QLD	6,598	✓	✓
33-39 Richmond Road	Keswick	SA	11,835	✓	✓
7 Laffer Drive	Bedford Park	SA	6,639	✗	✗
1 Charles Street	Parramatta	NSW	32,356	✗	✗
Bldg C, 219-247 Pacific Highway	Artarmon	NSW	14,496	✓	✓
5 Murray Rose Avenue	Sydney Olympic Park	NSW	12,386	✓	✗
3 Murray Rose Avenue	Sydney Olympic Park	NSW	13,423	✓	✗
102 Bennelong Parkway	Sydney Olympic Park	NSW	5,244	✓	✗
6 Parkview Drive	Sydney Olympic Park	NSW	5,145	✓	✗
89 Cambridge Park Drive	Cambridge	TAS	6,876	✗	✗
10-12 Mort Street	Canberra	ACT	15,398	✓	✓
255 London Circuit	Canberra	ACT	8,972	✓	✗
<b>Total / Weighted Average</b>			<b>282,976</b>		

1. Lettable area applicable (excludes retail area).

2. Lettable area applicable for utility consumption purposes.



Energy intensity	Electricity Whole	Electricity Base	Electricity (tenant)	Gas	Water	Green Star	NABERS energy	NABERS water
<i>MJ/sqm</i>	<i>MWh</i>	<i>MWh</i>	<i>MWh</i>	<i>GJ</i>	<i>m³</i>	<i>stars</i>	<i>stars</i>	<i>stars</i>
625	–	2,225	–	4,389	16,666	–	★★★★★	★★
430	–	779	1,286	2,524	3,282	–	★★★★★	★★★★★
804	2,418	–	–	3,033	10,507	–	★★★	★★
228	–	500	–	1,110	3,166	★★★★★	★★★★★	★★★★★
747	1,011	–	–	3,763	5,725	★★★★★	★★★	★★★★
232	–	343	–	1,157	501	–	–	–
263	–	1,147	852	202	11,795	–	★★★★★	★★★★
452	–	1,955	1,149	365	3,738	★★★★★	★★	★★★★★
393	–	1,259	1,788	–	7,686	–	★★★★★	Not rated
280	–	768	796	32	2,022	–	★★★★★	Not rated
307	–	797	798	20	2,022	–	★★★★★	Not rated
511	–	937	1,167	–	5,124	–	★★★★★	Not rated
193	–	351	–	1,018	4,344	★★★★★	★★★★★	★★★★★
733	1,352	–	–	–	5,231	–	★★★★★	★★★
943	7,815	–	–	2,387	56,387	–	★★★★★	Not rated
248	–	952	–	139	2,538	–	★★★★★	★★★★★
159	–	402	–	519	2,386	★★★★★	★★★★★	★★★★★
166	–	490	–	466	1,219	★★★★★	★★★★★	★★★★★
245	–	356	–	–	242	–	★★★★★	★★★★★
218	–	312	–	–	1,064	–	★★★★★	★★★★★
533	1,017	–	–	–	5,134	★★★★★	★★★★★	★★★
283	–	629	–	2,095	5,170	–	★★★★★	★★★★★
385	–	555	–	1,454	3,017	★★★★★	★★★★★	★★★★★
						5.0	4.6	4.3



As an investor in real property throughout Australia, Growthpoint recognises the emerging risk posed by climate change and is currently reviewing its portfolio to identify areas where it is materially exposed. Growthpoint has adopted an asset-based approach to minimising risks to income and building asset resilience

#### Task Force on Climate-related Financial Disclosures (TCFD)

Climate Change was identified as a material risk to Growthpoint in FY18 with regard to assets, reputation, profit and personnel (see risk rank 8, page 36, 'Natural disaster leading to loss of life').

Via the Group's CDP reporting, we have identified and disclosed risks driven by regulation, physical climate parameters and other climate related developments. For further information please go the following link to view our CDP response:



<https://growthpoint.com.au/uploads/pdf/other-publications/2017-CDP-Results.pdf>

The Group has begun evaluating the recommendations from the TCFD and is considering engaging a third party in FY19 to better understand the climate-related risk that exists in the portfolio. Any work and recommendations will be used to inform the future strategy relating to climate change risk and the potential for additional public disclosure.

## Growthpoint and climate change

### Assessment of likely/potential impacts of expected climate change

#### Climate

- > Warmer weather
- > Changed weather patterns
- > More extreme weather
- > Increased or reduced rainfall in some places
- > More flooding
- > Rising sea levels
- > Greater propensity for natural disasters
- > Reduced availability of drinking water



#### Regulatory / Government

- > New / changed taxes
- > Restriction / prohibition of activities
- > Changed investment priorities
- > Carbon reduction and disclosure initiatives
- > Property / landlord law changes or codes
- > Minimum energy, water, waste and other standards
- > Encouragement / incentives for low carbon / energy intensity



#### Economic

- > Declining income due to restrictions on carbon / nuclear energy
- > Structural change from carbon constraints: winners and losers
- > Increased resources devoted to sustainability, natural disaster recovery and potentially moving assets / people
- > Energy price rises or falls, depending on type
- > Insurance costs increased
- > Opportunities for income

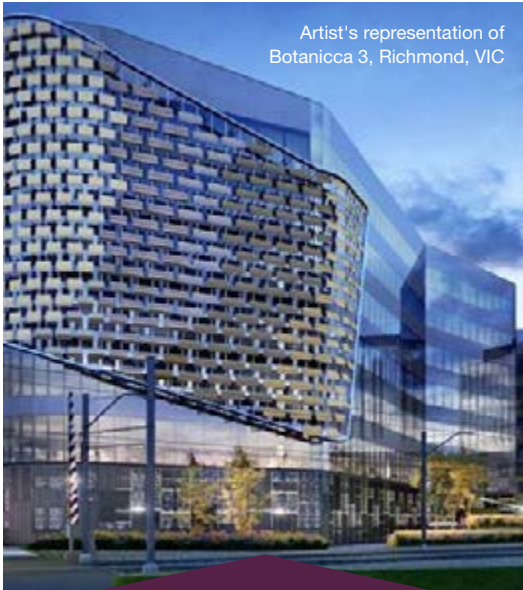


#### Community

- > Greater awareness of climate change
- > Greater expectations of sustainability
- > Expectations of lower energy use and pollution
- > Changed community and employees' expectations / use of buildings and physical environment



## How we are considering climate change in our operations



Artist's representation of  
Botanica 3, Richmond, VIC



### Developments and Capex

#### Botanica 3, Richmond, VIC

- > Targeting 5 star NABERS energy and water rating, and 5 star green star credentials
- > Climate Adaptation Plan (CAP) was prepared with the following objectives:
  - Identification and management of risks to the Botanica 3 development from climate change;
  - A systematic approach to quantifying the adaptive capacity of Botanica's infrastructure based on the risk management process; and
  - Outcomes and technical report will align with Green Star Design and As-Built credit requirements
- > The CAP was prepared in accordance with:
  - AS 5334-2013 Climate Change Adaptation for Settlements and Infrastructure, AGO, Climate Change Risks and Impacts: A Guide for Government and Business;
  - ISO31000-2009 Risk Management – principles and guidelines;
  - Climate projections will be developed using the Climate Futures publications (CSIRO, 2016) and are based on the global climate models (GCMs) for the local region compiled using data from the local meteorological stations and the Intergovernmental Panel on Climate Change (IPCC) Representative Concentrated Pathway models (RCPs)

### Acquisitions



#### 836 Wellington Street, West Perth, WA

An Environmental Risk Assessment was undertaken as part of the technical due diligence process that included the following aspects:

- > Building safety and materials including consideration of likelihood / location of hazardous materials being present. Review existing hazardous material / environmental documentation. Make recommendations for any additional investigations or management;
- > Climate change adaptation;
- > Energy efficiency (include commentary as to the assessment's findings and advice for future upgrades / modifications to the building services and systems to potentially achieve a higher NABERS energy rating);
- > Energy supply;
- > Flooding;
- > GHG Emissions;
- > Natural Hazards;
- > Transportation;
- > Water efficiency;
- > Waste management; and
- > Water supply.

### Leasing



**Growthpoint has introduced a "green lease" program under which all new leases are considered from a sustainability perspective.**

Primarily for its office leases, this involves requiring tenants to co-operate on a range of sustainability initiatives including:

- > the provision of greenhouse gas emissions, energy, water and waste data;
- > working on ways of reducing greenhouse gas emissions, energy, water and landfill waste;
- > prohibiting tenants from doing anything which adversely impact any environmental rating or similar; and
- > co-operating with Growthpoint to achieve improved environmental outcomes.

### Asset management



**Ongoing maintenance and investment to improve green credentials of Growthpoint owned properties**



**10-12 Mort Street** – Plant & Equipment upgrades (Chiller replacements and lift upgrades)



**120 Link Road & 5 Viola Place** – Installation of LED Lighting.



**Investment in renewables** – Growthpoint is investigating three renewable energy projects in FY19. More information can be found on page 11.





## People and community

Growthpoint continues to benefit through commitment to diversity, creativity and innovation in the workplace



### Key FY19 Targets



- Double workplace giving hours
- Introduce policy for staff volunteer leave to contribute to charitable organisations in their communities



Grow employee professional development and training by a further 30%

### Employee engagement

Growthpoint understands the importance of the relationship between an organisation and its employees. Investment in the professional development and personal wellbeing of all employees helps to drive motivation, teamwork and well-informed decisions. It is considered one of the keys to maintaining Growthpoint's competitive advantage.

The Group's annual employee engagement survey of all staff (excluding the Managing Director and any staff member on extended leave at the time), was undertaken in March 2018 by Insync Surveys. Growthpoint had an excellent response rate with engagement and alignment scores in the top quartile. Growthpoint are using the results of this survey to better understand what drives employees and to take action to have the most impact on increasing engagement.

To support and drive best practice, Growthpoint have adopted a Code of Conduct that applies throughout the organisation, ensuring that:

- all actions are governed by the highest standards of integrity and fairness;
- all decisions conform with the letter and spirit of all applicable laws, and
- all staff apply their best skill and judgement to conduct the Group's business honestly and ethically for the benefit of Securityholders, employees and other stakeholders.

### Diversity

Growthpoint recognises the importance of finding and retaining employees who best fit the nature of the work and the organisation, regardless of gender or background. Workplace diversity encourages mutual respect among employees to accept an individual's differences, while embracing their strengths.

Over FY18, Growthpoint appointed four new employees (three female, one male including one female executive appointment). One male staff member commenced 12 months parental leave in April 2018 and one female staff member resigned in December 2017.

An equal opportunity employer, the Group acknowledges the value of a diverse workforce and benefits from the creativity and innovation that arises from different experiences, cultures and perspectives.

Growthpoint's active commitment to gender diversity is apparent in its recent employment decisions. Currently, Growthpoint's employee pool is 50% women, including a member of the executive management team and two members of their senior management team. Gender diversity also extends to the composition of its board of directors, currently made up of 25% women.

### Staff training

Staff are encouraged to undertake personal and professional development through Group-funded education and training that enhances their skills and understanding. During FY18, several members of the senior management team were provided with the opportunity to complete a leadership course and several other employees are completing further professional qualifications in their field.

Growthpoint also offers monthly in-house training on relevant topics by utilising internal expertise or arranging with external service providers. In FY18, employees undertook, on average, 41 hours of continuing professional development (up from 27 hours in FY17).

### Working environment

Growthpoint understands the importance of having a healthy working environment with good office amenity and importance of the relationship of people and the building they work in.

Flexible working arrangements also help staff to maintain a healthy balance between work and family life. The employees of Growthpoint particularly value the support of family and are encouraged to take advantage of the leave benefits that are available. Parental leave is open to all members of staff who are the primary carers of their young children.



**Anelia Blane**  
HR & Compliance Co-ordinator



**Deseree Ventrice**  
Executive Assistant



50:50

**Employee gender split**  
(30 June 2017: 57:43)

25%

**of Board members  
are women**  
(30 June 2017: 14%)



Growthpoint strives to create and maintain a nurturing environment which respects the interests of all involved: Securityholders, tenants, employees, and other stakeholders

## People and community continued



The Growthpoint team, January 2018



In May 2018, Growthpoint staff members joined the 30km Melbourne Coastrek raising \$27,235 for the Fred Hollows Foundation

### Health and safety

Growthpoint is committed to providing a healthy and safe working environment and is proud of its record of workplace safety with no workplace accidents in FY18. Thorough inductions for new staff and regular information sessions ensure all staff are well informed on the use of equipment and the hazards that may be encountered if visiting construction sites.

In March 2018 all employees were given health checks that included basic health screening tests, back and core as well as weight management and lifestyle assessments. During the same period all staff were offered voluntary flu vaccinations.

Growthpoint understands the importance of mental health and all employees have access to a counselling service which they can contact anonymously up to five times a month.

The Group provides life, total permanent disability (TPD) and income protection insurance for all staff. Growthpoint's offices are a smoke-free environment. The Group maintains a zero tolerance policy towards any form of harassment or discrimination.

### Volunteering

As a responsible corporate citizen, the Group actively supports the communities in which it operates and encourages all staff to participate in volunteering activities by providing volunteering leave to all staff.

In May 2018, Growthpoint staff members joined the 30km Melbourne Coastrek in support of the Fred Hollows Foundation. Four teams participated and raised \$27,235.

More broadly, Growthpoint encourages staff to become involved with community activities and professional organisations for their own development. In FY18 the Group and/or its employees were actively engaged with and/or members of many organisations including:

#### Professional

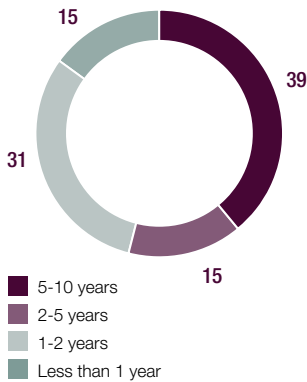
- > Association of Chartered Certified Accountants
- > Australasian Investor Relations Association
- > Australian Institute of Company Directors
- > Australian Property Institute
- > CPA Australia
- > Financial Services Institute of Australasia
- > Governance Institute of Australia
- > The Institute of Internal Auditors Australia
- > Royal Institution of Chartered Surveyors
- > Law Institute of Victoria
- > Property Council of Australia

#### Community and Charitable

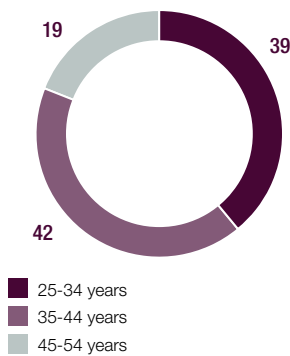
- > Property Industry Foundation
- > The Fred Hollows Foundation
- > Seeing Eye Dogs Australia
- > World Vision Australia
- > Salvation Army
- > Whitelion
- > Oxfam
- > Black Rock Life Club
- > Music for Change
- > YWCA Housing
- > Assistance Dogs Australia



#### Period of employment (%)



#### Age (%)



The Growthpoint team at the yearly staff conference

#### Growthpoint Teambuilding

During FY18, the staff conference was held over the course of two days. During this time, the team visited some of Growthpoint's assets, participated in the "Growthpoint Beach Olympics" team building event and staff participated in a Team Management Systems (TMS) workshop. TMS is a recognised integrated system of work-based, research-proven assessments and feedback instruments worldwide - supporting individuals, teams and organisations to effect positive and lasting change and achieve higher performance in the workplace.

Growthpoint values and encourages participation in staff events which are held during the year including a staff and partner dinner and a family party during Christmas.

## Social

## Sustainability objectives summary

Objective	Target	Time frame	Achievement as of date of this report
<b>Donations and workplace giving program</b>	Implementing workplace giving for charitable causes such as Fitted for Work, supporting women re-entering the workforce.	On-going ✓	Growthpoint will collect clothing donated by staff in its ongoing support of "Fitted for Women", an organisation that helps disadvantaged women find and retain employment.
<b>Develop relationships with community organisations in areas that Growthpoint operates in</b>	To develop partnerships with organisations such as the Fred Hollows Foundation in preventing curable blindness and the Property Industry Foundation	On-going ✓	Growthpoint participated in the Melbourne Coastrek in support of The Fred Hollows Foundation. The four teams, comprised at least 50% women, walked for 30km raising significant funds for the Foundation. This year Growthpoint teams raised nearly \$30,000.
<b>Employees to undertake volunteering each year</b>	By supporting community and charitable organisations	On-going ✓	Growthpoint staff volunteered with Eat Up Australia an organisation that provides lunches to disadvantaged children.
<b>Employees to receive regular work health and safety checks</b>	Growthpoint is committed to providing health and safety checks for employees.	On-going ✓	In March 2018 all employees were given health checks that included basic health screening tests, back and core as well as weight management and lifestyle assessments. During the same period all staff were offered voluntary flu vaccinations.
<b>Providing continuing professional development or training each financial year for employees</b>	Employees will on average receive not less than 20 hours of continuing professional development or training for each financial year.	On-going ✓	Staff are encouraged to undertake personal and professional development through Group-funded education and in-house training that enhances their skills.  In FY18 Growthpoint's employees undertook, on average, 41 hours of continuing professional development (up from 27 hours for FY17).
<b>Diversity objectives created and worked towards</b>	Growthpoint is committed to gender diversity which will be monitored and worked towards in future.	On-going ✓	During FY18 Growthpoint achieved target of increasing diversity in the workplace. Growthpoint currently employs 26 staff of which 13 are women making up 50% of the employees.
<b>No workplace injuries</b>	Growthpoint is committed to providing a healthy and safe environment for employees to work in.	On-going ✓	Growthpoint maintained its record of workplace safety with no workplace accidents in FY18.



CB2, 42 Merivale Street, South Brisbane, QLD



## Risk

### Sound risk management practices embedded across our business



#### Key FY19 Targets



#### Maintain investment grade credit rating



#### Improve investor communications



#### Improve governance assurance

#### Overview of Growthpoint's governance

Growthpoint has an extensive corporate governance program in place managed by the General Counsel & Company Secretary and the Compliance and Risk Manager. It includes:

1. A Compliance Plan which is lodged with ASIC, audited semi-annually and monitored quarterly covering all material aspects of Growthpoint's operations.
2. A comprehensive Compliance Manual and other policies and procedures.
3. Monthly reporting to the Board on all compliance measures, breaches and complaints.
4. Quarterly detailed reporting of all material compliance measures, breaches and complaints to the Audit, Risk & Compliance Committee.
5. Compliance with Growthpoint's Australian Financial Services License including:
  - monthly monitoring of prescriptive financial and non-financial licence conditions;
  - a semi-annual audit; and
  - strict protocols for the maintenance, record keeping and transfer of assets particularly in cash.
6. Quarterly monitoring of compliance with requirements of Growthpoint's lending facilities.
7. Half- yearly financial assessment of all tenants.
8. Monthly monitoring of all insurance claims.
9. Quarterly monitoring of the risk management framework.
10. Annual review of all key service providers.
11. An internal audit function.
12. Attestation of compliance measures of the compliance rules under the Compliance Plan.

#### Approach to risk

Growthpoint seeks to integrate the management of risk into all levels of its business across strategic and operational functions. From the Board through to individual property asset management, risk is assessed and managed on a continual basis.

Growthpoint does not seek to eliminate all risk as this would remove opportunities as well as downside risk. Instead, Growthpoint seeks to minimise the downside risk required to achieve the following outcomes:

- increasing capital value of real property assets;
- consistently growing distributions to Securityholders;
- reduced harm to the environment; and
- maintenance of the Group's brand and reputation.

#### How Growthpoint identifies, manages and mitigates risk

Growthpoint has a risk identification, management and mitigation regime in place which is overseen by the Board, the Audit, Risk & Compliance Committee and executive management. The focus of this regime is to identify risks to Growthpoint with regard to its assets, reputation, profit and personnel, manage and mitigate those risks, monitor the success of the management and mitigation arrangements, and ensure awareness and monitoring of those risks which cannot be effectively managed or mitigated.



**Yien Hong**  
General Counsel & Company Secretary



**Michael Davy**  
Compliance & Risk Manager



**Vera Lee**  
Senior Legal Counsel



From the Board through to individual property asset management, risk is assessed and managed on a continual basis

333  
ann street

## Risk continued

### Key components of the risk management regime

#### Board

The Board is ultimately responsible for setting the risk appetite of the Group and adopting internal controls and risk management processes. The Board receives and considers reports from the Audit, Risk & Compliance Committee, the Managing Director, the external auditors and management in relation to both opportunities and risks. The Board has an annual planning day where it conducts a detailed risk analysis for each of its property assets.

#### Audit, Risk & Compliance Committee

Growthpoint has an 'Audit, Risk & Compliance Committee' to oversee its financial reporting, risk monitoring and mitigation and compliance processes. The Committee primarily considers the adequacy of management's approach to risk identification, monitoring and management and reports on the same to the Board.

During FY18, the Audit, Risk and Compliance Committee appointed external consultants, Deloitte to review the Group's Risk Management Framework which is ongoing.

#### Managing Director

The Managing Director provides a quarterly report to the Board in relation to risks and opportunities for the business.

#### Risk Identification Committee

A Risk Identification Committee comprising management, and from time-to-time directors and external advisers, meets to consider the significant risks facing the business. Meetings are held not less than twice a year.

#### Management

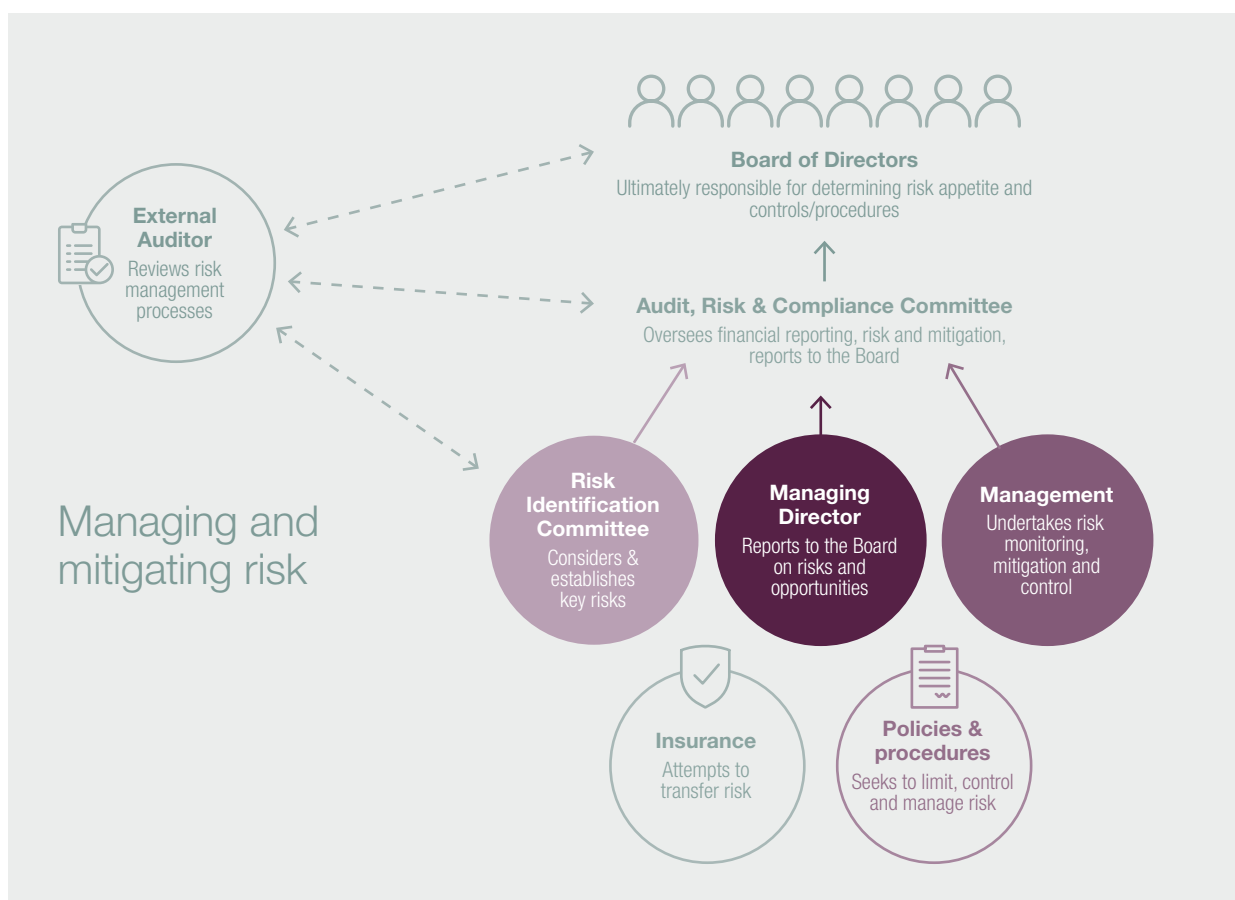
Management reports to the Audit, Risk & Compliance Committee every six months in relation to the critical key risks, the control and/or mitigation measures in place and the key performance indicators for these risks. Risks are

assessed on a 1-5 scale based on their likelihood (rare to almost certain) and their impact (insignificant to extreme). Impact is assessed with reference to impact to reputation, financial impairment, operating ability and/or effect on stakeholders (Board, employees, Securityholders, debt providers, tenants and contractors).

Significant attention and resources are devoted to managing these risks which are reviewed, monitored quarterly and reported to the Audit, Risk & Compliance Committee semi-annually. More details in relation to specific risks appear at the end of this section.

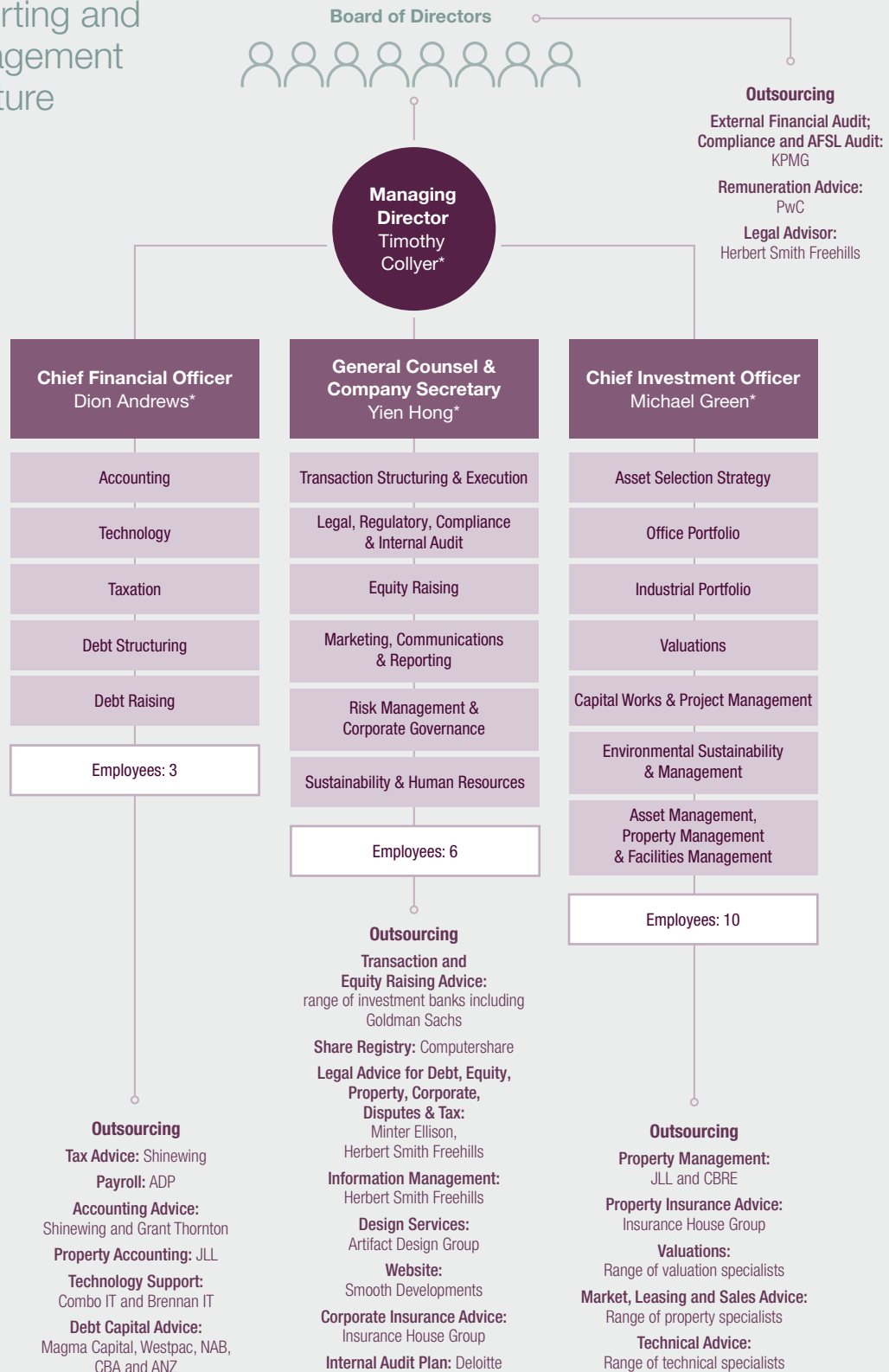
#### External Auditor

The Group's external auditor, currently KPMG, reviews the Group's risk management process not less than annually and reports on the adequacy of the same to the Audit, Risk & Compliance Committee.





## Reporting and management structure



\* Member of Executive Management Team

## Risk continued

### Insurance

Growthpoint has insurances in place covering significant risks to the business including property insurance, director and officers' cover, crime and fraud cover, professional indemnity and public liability. As most of the value of the Group is in the underlying real estate, adequate property insurance from reputable insurers is considered fundamental to mitigating risk.

### Policies and Procedures

Key policies and procedures which contribute to risk management include:

- › **Compliance Plan** – in accordance with the Corporations Act and AFSL requirements, this plan outlines the key compliance requirements for the Group primarily from a Securityholder level (reviewed by KPMG, approved by the Board, lodged with ASIC and audited semi-annually) including a significant focus on risks and external service providers (e.g. property managers).
- › **Operational Compliance Manual** – contains specific day-to-day information on how to practically comply with Growthpoint's policies and procedures and the compliance plan (reviewed by KPMG and approved by the Audit, Risk & Compliance Committee).
- › **Code of Conduct** – outlines values for a culture that strong corporate governance, compliance, sound business practices and good ethical conduct
- › **Breach Escalation Procedures** – ensures breaches of the Compliance Plan are dealt with promptly and appropriately including escalation to the Board and reporting to ASIC, if significant.
- › **Business Continuity Plan and Disaster Recovery Policy** – ensures that significant disasters can be appropriately managed and limit the impact on the operations of the business.
- › **Valuation Policy** – sets limits for when and how properties must be independently valued.
- › **Committee Charters** – sets requirements and limits of authority for Board committees.
- › **Delegations of Authority Policy** – sets limits on entering into financial commitments and the making of payments by directors and employees.
- › **Risk Management Policy** – sets the importance of risk management across all parts of the business.
- › **Sustainability and Stakeholder Policy** – sets the goal of sustainability and stakeholder engagement across the Group.



The diagram on page 32 shows the interaction between these components.

### Internal Audit

An internal audit process was established in 2015 based on an internal audit plan prepared by external consultants, Deloitte. The internal audit process seeks to conduct an internal assurance review in respect of specific reporting or compliance functions.

Internal audit processes conducted during FY18 identified minor control gaps and resulted in recommendations for control mitigation processes. These have been adopted by management.

## Governance

### Sustainability objectives summary

Objective	Target	Time frame	Achievement as of date of this report
<b>Obtain and retain investment grade credit rating to help secure capital when required</b>	Baa2 or higher.	On-going ✓	Investment grading issued to the Group by Moody's remains Baa2 as of the date of this report.
<b>Internal audit function using an audit plan by external consultants</b>	To give further assurance in relation to governance and controls to management and the Audit, Risk & Compliance Committee.	On-going ✓	The internal auditor has provided reports and recommendations during FY18 on financial reporting processes  The external consultants, Deloitte provided reports and recommendations during FY18 on the Group's compliance framework.
<b>Comprehensive compliance and risk framework is maintained and is independently audited by external auditors</b>	The audit report is issued with no qualifications.	On-going ✓	KPMG issued non-qualified opinions for the Compliance Plan and Australian Financial Services Licence for FY18.
<b>Improve investor communications</b>	Group's key results and the Annual General Meeting will be webcast.	On-going ✓	The Annual General Meeting was webcast in November 2017 and will be webcast in November 2018.
<b>Business updates will be provided at least each calendar quarter</b>	Provide investors with details of any significant changes to the business (subject to the ASX Listing Rules and other legal and contractual requirements).	On-going ✓	Investor updates were provided in August 2017 (summary of annual report sent to all Securityholders), October 2017 (quarterly update), February 2018 (half year results) and April 2018 (quarterly update).
<b>No significant breaches of trust compliance plan or the groups policies, procedures or constituent documents</b>	No significant breaches.	On-going ✓	There were no significant breaches identified during the Compliance Plan audit for FY18.



## Risk management

Risk management is focussed on identifying and managing risk with regard to assets, reputation, profit and personnel

### Risk rating methodology

Likelihood	Impact				
	1. Insignificant	2. Minor	3. Moderate	4. Major	5. Extreme
	5. Almost certain	Moderate	High	High	Extreme
	4. Likely	Low	Moderate	High	Extreme
	3. Possible	Low	Low	Moderate	High
	2. Unlikely	Very Low	Low	Moderate	High
	1. Rare	Very Low	Very Low	Low	Moderate

Each of Growthpoint's key assessed risks is plotted on a risk matrix (see diagram at left). Control activities are then carried out in relation to each risk and the risks monitored.

Rank	Description of key risk	Likelihood <sup>1</sup>	Impact	Rating	Control activity
1	Economic downturn	3	5		1. Diversity of assets, tenants and sectors 2. Exposure to retail and consumer sector 3. Monitor relevant research
2	Material regulatory and legal non-compliance (AFSL, ASX, OH & S, Corps Act, etc.)	2	5		1. Comprehensive compliance plan and operational compliance manual 2. Imbed and maintain compliance culture in organisation 3. Contract reviews and due diligence undertaken 4. ASX Listing Rules and Corporations Act compliance considered as part of all major transactions, change circumstances and public statements
3	Significant weakening of property valuations	3	4		1. Review of economy and property markets 2. Property portfolio valuations and diversification
4	Material loss of Personnel	3	4		1. Established Nomination, Remuneration and HR Committee to fix remuneration packages of individual directors and members of senior management with the objective of attracting and retaining people of the required calibre 2. Continue Employee Share Plan to assist in the retention of personnel 3. Confirm that GRT can provide human resources at short notice if required 4. Deploy succession planning 5. Expand staff to reduce reliance on individuals
5	Material increase in building outgoings	5	2		1. Percentage increase in outgoings year on year 2. Review of outgoings versus budget 3. Utility contracts reviewed in line with markets
6	Destruction of physical assets without adequate insurance cover or insurer not being able to settle	1	5		1. Review of insurance cover by Chief Investment Officer and external broker 2. Review of credit rating of insurers 3. Diversity of insurers
7	Act of terrorism leading to loss of life*	1	5		1. Work with higher risk tenants to assist them in securing the property 2. Ensure the properties are appropriately insured 3. If under Growthpoint's operational control, ensure that there is appropriate evacuation training in place in the event of fire
8	Natural disaster leading to loss of life*	1	5		1. Maintain assets in structurally sound condition 2. Minimise exposure to flood, bushfire, cyclone and earthquake zones

\* New key risks added in FY18.

1. Assessed in terms of the succeeding 6 months.

Rank	Description of key risk	Likelihood <sup>1</sup>	Impact	Rating	Control activity
9	Material fraud	2	4		<ol style="list-style-type: none"> <li>1. A minimum of two authorised signatories required to sign all payments</li> <li>2. Sign off levels under Delegations of Authority Policy adhered to</li> <li>3. Payment reconciliation for property accounts</li> <li>4. Fraud insurance cover</li> <li>5. Monthly bank account reconciliation reviewed by the CFO, evidenced by monthly sign off</li> <li>6. Internal controls</li> </ol>
10	Building cladding issues*	2	4		<ol style="list-style-type: none"> <li>1. Investigate where portfolio combustible aluminium composite panel exists in the portfolio</li> <li>2. Evaluate risks of the panels and remove where necessary</li> <li>3. Ensure that this is a due diligence item for future acquisitions</li> </ol>
11	Material inaccuracy in financial forecast & statutory accounts	3	3		<ol style="list-style-type: none"> <li>1. External verification of financial models for any equity raisings where public disclosure documents are issued</li> <li>2. Monthly review of actual expenses/revenue compared with budget</li> <li>3. Annual budget prepared by management and signed off by board</li> <li>4. Use of financial model constructed by an external specialist for budgeting, forecasting and management reporting</li> </ol>
12	Prolonged material portfolio vacancies due to weakened tenancy demand	3	3		<ol style="list-style-type: none"> <li>1. Conclude lease agreements with tenants for upcoming vacancies for optimum length of time</li> <li>2. Maintain dialogue with any tenant whose lease expires within two years</li> <li>3. Aim to have a spread of lease expiries within the portfolio to avoid a large number of leases becoming vacant at once</li> </ol>
13	Growing too fast for resource base	3	3		<ol style="list-style-type: none"> <li>1. Staff increasing as Group grows</li> <li>2. Regular consideration of staffing and other resource requirements</li> <li>3. Annual employee survey and director evaluation</li> </ol>
14	Credit rating downgrades	3	3		<ol style="list-style-type: none"> <li>1. Gearing within target range (35%-45%)</li> <li>2. Net debt not more than 6 times EBITDA based on half year and annual report</li> <li>3. Outlook from rating agency</li> </ol>
15	Material legal/ Contractual rights and or obligations not as expected due to poor internal controls / review	3	3		<ol style="list-style-type: none"> <li>1. Internal or external legal review of all contracts</li> <li>2. Contracts are only executed in accordance with the Delegations of Authority Policy</li> <li>3. Contracts are reviewed by all necessary stakeholders</li> <li>4. Leases are within standard leasing parameters (newly introduced) or have otherwise been approved appropriately</li> </ol>
16	Development risk leading to material loss*	3	3		<ol style="list-style-type: none"> <li>1. No more than 15% of GOZ's Balance Sheet to be exposed to development at any one time</li> <li>2. Detailed analysis of leasing market and competing stock and consideration of level of tenant pre-commitments required prior to development</li> <li>3. Well capitalised builders and development partners required</li> </ol>
17	Building obsolescence	4	2		<ol style="list-style-type: none"> <li>1. Review of all assets</li> <li>2. Consideration of alternative use where applicable</li> <li>3. Consideration of asset life as part of due diligence</li> </ol>
18	Low effective rental growth	4	2		<ol style="list-style-type: none"> <li>1. Acquiring assets with fixed annual rental growth</li> <li>2. Quality of tenants</li> <li>3. Monitor over/under rented position of assets against market position</li> </ol>
19	Significant change in government taxes	4	2		<ol style="list-style-type: none"> <li>1. Review of proposed changes by the government</li> <li>2. Report from external lawyers and tax advisers about potential changes</li> </ol>
20	Long-term structural change due to disruption	4	2		<ol style="list-style-type: none"> <li>1. Review of property trends and structural changes in working methods</li> </ol>
21	Reducing lease term of leasehold interests	5	1		<ol style="list-style-type: none"> <li>1. Lease extension to maintain property valuation</li> <li>2. Leasehold property less attractive to tenants and impact on rental stream</li> </ol>

\* New key risks added in FY18.

1. Assessed in terms of the succeeding 6 months.

## Corporate Governance Statement

Growthpoint seeks to ensure continued achievement of best practice corporate governance

### ASX Principles Summary

No.	Description	Reference	Comply
<b>Principle 1 – Lay solid foundations for management and oversight</b>		<b>Page 42</b>	
1.1	A listed entity should disclose:		
	(a) the respective roles and responsibilities of its board and management.		✓
	(b) those matters expressly reserved to the Board and those delegated to management.		
1.2	A listed entity should:		
	(a) undertake appropriate checks before appointing a person, or putting forward to Securityholders a candidate for election, as a director.		✓
	(b) provide Securityholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.		
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.		✓
1.4	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.		✓
1.5	A listed entity should:		
	(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them.		
	(b) disclose that policy or a summary of it.		✓
	(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them and either the respective proportions of men and women on the board, in senior executive positions and across the whole organisation.		
1.6	A listed entity should:		
	(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors.		✓
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		
1.7	A listed entity should:		
	(a) have and disclose a process for periodically evaluating the performance of its senior executives.		✓
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.		
<b>Principle 2 – Structure the board to add value</b>		<b>Page 43</b>	
2.1	The Board of a listed entity should have a nomination committee which:		
	› has at least three members and a majority of whom are independent directors; and	}	✗ #
	› is chaired by an independent director,		
	and disclose:		
	› the charter of the committee;	}	✓
	› the members of the committee; and		
	› as at the end of each reporting period, the number of times the Committee met through the period and the individual attendances of the members at the meeting.		

# Please refer to the Group's disclosure in relation to recommendation 2.1 on page 43.





**Katlyn Vincent**  
Legal Counsel



### About the Corporate Governance Report

This is the Group's response to the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (3rd edition). This edition was introduced for entities reporting on a full financial year commencing on or after 1 July 2014.



Building C, 211 Wellington Road, Mulgrave, VIC

## Corporate Governance Statement continued

No.	Description	Reference	Comply
2.2	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.		✓
2.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the names of the directors considered by the board to be independent directors.</li> <li>(b) if a director has an interest, position, association or relationship of the type described above 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.</li> <li>(c) the length of service of each director.</li> </ul>		✓
2.4	A majority of the board of a listed entity should be independent directors.		✗
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same as the chief executive officer of the entity.		✓
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.		✓
<b>Principle 3 – Act ethically and responsibly</b>		<b>Page 45</b>	
3.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees.</li> <li>(b) disclose that code or a summary of it.</li> </ul>		✓
<b>Principle 4 – Safeguard integrity in financial reporting</b>		<b>Page 45</b>	
4.1	The Board of a listed entity should have an audit committee which: <ul style="list-style-type: none"> <li>› has at least three members, all of whom are non-executive directors and a majority of independent directors;</li> <li>› is chaired by an independent chair, who is not chair of the Board;</li> </ul> and disclose: <ul style="list-style-type: none"> <li>› the charter of the committee;</li> <li>› the relevant qualifications and experience of its members; and</li> <li>› the number of times the committee met throughout the period and the individual attendances of the members of those meetings.</li> </ul>		✓
4.2	The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its Chief Executive Officer and Chief Financial Officer, 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.		✓
4.3	A listed entity that has an Annual General Meeting should ensure that its external auditor attends the same and is available to answer queries from Securityholders relevant to the audit.		✓
<b>Principle 5 – Make timely and balanced disclosure</b>		<b>Page 45</b>	
5.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules.</li> <li>(b) disclose that policy or a summary of it.</li> </ul>		✓
<b>Principle 6 – Respect the rights of shareholders</b>		<b>Page 46</b>	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	growthpoint.com.au	✓

No.	Description	Reference	Comply
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.		✓
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of Securityholders.		✓
6.4	A listed entity should give Securityholders the option to receive communications from, and send communications to, the entity and its security registry electronically.		✓
<b>Principle 7 – Recognise and manage risk</b>		<b>Page 46</b>	
7.1	(a) The Board of a listed entity should have a committee or committees to oversee risk which: <ul style="list-style-type: none"> <li>— has at least three members, a majority of whom are independent directors;</li> <li>— is chaired by an independent director;</li> </ul> and disclose: <ul style="list-style-type: none"> <li>— its charter of the Committee;</li> <li>— its members of the Committee; and</li> <li>— 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.</li> </ul>		✓
7.2	The Board or a committee of the Board should: <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound.</li> <li>(b) disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>		✓
7.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs.</li> <li>(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.</li> </ul>		✓
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.		✓
<b>Principle 8 – Remunerate fairly and responsibly</b>		<b>Page 47</b>	
8.1	The Board of a listed entity should have a remuneration committee which: <ul style="list-style-type: none"> <li>➤ has at least three members, a majority of whom are independent directors;</li> <li>➤ is chaired by an independent director;</li> </ul> and disclose: <ul style="list-style-type: none"> <li>➤ the charter of the committee;</li> <li>➤ the members of the committee; and</li> <li>➤ 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.</li> </ul>	<div> <div></div> <div></div> </div>	<div> <div>✗ *</div> <div>✓</div> </div>
8.2	A listed entity should separately disclose its policies and practices regarding remuneration of non-executive directors and the remuneration of executive directors and other senior executives.		✓
8.3	A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> <li>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</li> <li>(b) disclose that policy or a summary of it.</li> </ul>		✓

\* Please refer to the Group's disclosure in relation to recommendation 8.1 on page 47.



## Corporate Governance Statement continued

### Principle 1 – Lay solid foundations for management and oversight

#### Recommendation 1.1 (a)

The board of directors ("**Board**") is responsible for the overall governance of the Group, with the aim of achieving consistent growth in total Securityholder returns.

Specifically, the Board is responsible for the:

1. adoption and implementation of appropriate corporate governance practices;
2. establishment of the Group's strategies and objectives;
3. approval of material transactions;
4. approval of an annual budget including major capital expenditure;
5. adoption of relevant internal compliance controls and risk management processes;
6. employment, remuneration and performance monitoring of the Managing Director; and
7. establishment and monitoring of the Board's performance and each of its sub-committees ("**Committee**").

The Board has approved a Delegations of Authority Policy ("**Policy**") under which authority for certain matters which are, by themselves, not considered material to the operation or value of the Group have been delegated to management of the Group.

Under this Policy, Management is responsible for:

1. the implementation of strategic objectives and operating within the risk parameters approved by the Board;
2. all other aspects of the day to-day running of the entity; and
3. providing accurate and timely information to enable the Board to perform its responsibilities.

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Please refer to page 33 for more details of the role and responsibilities of Management.

#### Recommendation 1.1 (b)

The Board has approved a "Delegations of Authority Policy".

The following key delegation limits apply to executive management under the Policy:

1. up to \$30 million for normal business contracting (subject to some conditions);
2. up to \$10,000 for donations and gifts (excluding to political parties);
3. up to \$100,000 for authorised sponsorships;
4. up to \$50 million in new debt facilities; and
5. up to \$2 million for making provision of bad debts.

The Policy also sets out authority payment limits.

#### Recommendation 1.2 (a)

The following checks are undertaken prior to the appointment of a new director:

1. Australian Federal Police;
2. bankruptcy; and
3. background and character.

#### Recommendation 1.2 (b)

All Securityholders who are entitled to attend and vote at the Annual General Meeting are provided with a detailed explanatory notes including:

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

#### Recommendation 1.3

All non-executive directors have formal agreements governing their appointment which include:

- remuneration (including any superannuation entitlements);
- expectations in relation to attending Board and Committee meetings and other directorships, if any;
- procedures in relation to potential and actual conflicts of interests and related party transactions;
- ability to access to independent advice (at the Group's expense);
- requirement to comply with the Group's policies.

➤ the sole executive director has a formal agreement governing his employment which includes:

- remuneration (including any superannuation entitlements);
- expectations in relation to attending Board and Committee meetings and other directorships, if any; and
- procedures in relation to potential and actual conflicts of interests and related party transactions.

All other senior executives have formal agreements governing their employment which includes remuneration.

#### Recommendation 1.4

The Company Secretary reports directly to the Board (via the Chairman) in relation to corporate governance and the proper functioning of the Board and each Committee.

In FY18, the Chairman and the Company Secretary met regularly to discuss matters that relate specifically to corporate governance matters and reviews were undertaken to reinforce controls and reporting processes.

The Chairman undertook formal reviews of the Company Secretary in relation to corporate governance matters not less than twice during FY18.

#### Recommendation 1.5 (a)

The Board has established a Diversity Policy, a copy of which is available at the Group's website:

 [growthpoint.com.au/uploads/pdf/GOZ-Diversity-Policy-13-08-15.pdf](http://growthpoint.com.au/uploads/pdf/GOZ-Diversity-Policy-13-08-15.pdf)

The following measurable objectives for achieving gender diversity are in place:

1. Growthpoint is committed to providing work experience to female graduates and undergraduates in order to encourage greater female involvement and participation in the property industry;
2. A female senior executive was appointed to its executive management team as the General Counsel & Company Secretary from March 2018 to April 2019 as a parental leave replacement. With this appointment and other recruitment decisions, the current gender diversity target of 50% of the Group has been met in FY18 (13 out of 26 employees);

3. Growthpoint's selection team for the recruitment of any employee will be obliged to encourage and appropriately advertise for applications from women and men, to consider male and female candidates and to interview at least one appropriately qualified female candidate and one appropriately qualified male candidate for any available position;
4. Growthpoint will require 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; and
5. The Board currently has two female directors representing 25% of the Board.<sup>1</sup>

#### Recommendation 1.5 (b)

The Diversity Policy ("Diversity Policy") is available at the Group's website:



[growthpoint.com.au/uploads/pdf/GOZ-Diversity-Policy-13-08-15.pdf](http://growthpoint.com.au/uploads/pdf/GOZ-Diversity-Policy-13-08-15.pdf)

#### Recommendation 1.5 (c)

The Group's performance in relation to the objectives listed above from the date the Diversity Policy was released to the date of this report are as follows:

1. Growthpoint continues to encourage female applicants to apply for work experience. The application process for a work experience opportunity for female graduates/ undergraduates and post-graduates is available at the Group's website:



[growthpoint.com.au/about/careers/work-experience-for-female-graduates/](http://growthpoint.com.au/about/careers/work-experience-for-female-graduates/)

2. In addition to the appointment of the new General Counsel and Company Secretary, the Group continues to have a female Senior Legal Counsel and an Asset Manager as part of senior management<sup>2</sup> due to the senior function of their role and their significant expertise.
3. In FY18, two female employees were promoted from the role of Assistant Property Analyst to Analyst and from the role of Assistant Accountant to Accountant.

4. At least one female candidate and one male candidate was interviewed for each of the following full time advertised positions during FY18:

- i. Project Manager
- ii. Sustainability Analyst
- iii. Assistant Accountant
- iv. General Counsel & Company Secretary

5. The General Counsel & Company Secretary position is for a fixed term contract as a parental leave replacement. Three roles were filled by female candidates and one role was filled by a male candidate during FY18.

6. Approximately 50% of Growthpoint's workforce is female at the date of this report up from 43% in FY17.

As at the date of this report:

1. approximately 25% of the Board of Directors are women (two out of eight); and
2. approximately 50% of the Group's employees (13 out of 26) are women, two in senior management and one in executive management.

During FY18, the Group successfully achieved its objective in relation to gender diversity across employees, executive management team and the Board.

#### Recommendation 1.6 (a):

In accordance with its charter, the Nomination, Remuneration & HR Committee reviews the competence, expertise, performance, training, constitution and succession of the Board and individual directors and makes recommendations to the Board.

#### Recommendation 1.6 (b)

For FY18, the following process was undertaken:

1. The Chairman met with the whole Board to discuss and review its composition, function and performance. Part of the performance review entailed the corporate secretariat function and processes in place to assist the proper function of the Board.

2. The Chairman met with the Managing Director separately to discuss his performance.

#### Recommendation 1.7 (a)

The Managing Director's performance is reviewed by the Nomination, Remuneration & HR Committee.

The performance of other senior executives is reviewed half-yearly by the Managing Director.

The Chairman undertakes formal review of the Company Secretary in relation to corporate governance matters not less than twice each year.

#### Recommendation 1.7 (b)

Performance reviews of the Managing Director, by the Chairman, occurred following each calendar quarter during FY18.

Performance reviews for senior executives occurred in November 2017 and March 2018.

In FY18, the Chairman and the Company Secretary met regularly to discuss matters that relate specifically to corporate governance matters and reviews were undertaken to reinforce controls and reporting processes.

The Chairman undertakes formal review of the Company Secretary in relation to corporate governance matters not less than twice each year.

### Principle 2 – Structure the board to add value

#### Recommendation 2.1

The Board has established a Nomination, Remuneration & HR Committee. A copy of the Charter of the Nomination, Remuneration & HR Committee is available at the Group's website:



[growthpoint.com.au/uploads/pdf/Nomination-Remuneration-and-HR-Committee-Charter-17.08.17.pdf](http://growthpoint.com.au/uploads/pdf/Nomination-Remuneration-and-HR-Committee-Charter-17.08.17.pdf)

The Nomination, Remuneration & HR Committee comprises four members, all of whom are non-executive directors and two are independent directors. The Chair of the Committee and the Committee member, Norbert Sasse and Francois Marais, are respectively the Chief Executive Officer and the independent

1. As at the date this report was approved, there are eight directors.

2. Senior management team includes any Executive Directors, direct reports to the Managing Director and any direct reports who are considered Senior Managers.

## Corporate Governance Statement continued

### Meetings of Directors (FY18)

Board member	Growthpoint Board		Audit, Risk & Compliance Committee		Nomination, Remuneration & HR Committee	
	eligible to attend	attended	eligible to attend	attended	eligible to attend	attended
G. Tomlinson (Chairman)	9	9	4	4	7	7
M. Brenner	9	8	4	3	–	–
T. Collyer (Managing Director) <sup>1,2</sup>	9	9	–	4	–	6
E. de Klerk	9	8	4	4	–	–
G. Jackson	9	8	4	4	–	–
F. Marais	9	9	–	–	7	7
J. Sukkar <sup>3</sup>	8	8	–	1	6	6
N. Sasse	9	9	–	–	7	7

1. As Managing Director, Timothy Collyer, has a standing invitation to all committee meetings, unless its members determine otherwise, but is not a member of the Nomination, Remuneration & HR Committee. Mr Collyer is not present for any part of meetings which consider his remuneration except to answer questions from the Committee.
2. As Managing Director, Timothy Collyer, has a standing invitation to all committee meetings, unless its members determine otherwise, but is not a member of the Audit, Risk & Compliance Committee.
3. Josephine Sukkar was appointed as director and member of the Nomination, Remuneration & HR Committee effective from 1 October 2017.


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 Norbert Sasse as the Chair and Francois Marais as a member of the Nomination, Remuneration & HR Committee is appropriate having regard to:

1. the reason for Norbert Sasse and Francois Marais not being deemed to be independent (i.e. their respective roles as Group CEO and Chairman of the Group's major Securityholder) are unlikely to have any adverse impact, from Securityholders' perspective, on their roles in recommending and determining remuneration;
2. the interest of Growthpoint Properties Limited wanting to ensure executives are remunerated appropriately and in a manner which maximises Securityholder value aligns with the interests of all Securityholders; and
3. half of the Committee comprises of independent directors including the independent Chairman of the Board.

The Nomination, Remuneration & HR Committee has sought independent remuneration advice from PwC.

The table above sets out the number of Nomination, Remuneration & HR Committee meetings held during FY18 and the attendance of each director.

### Recommendation 2.2

 Refer to pages 32-33 of the 2018 Annual Report for more details on the Board's skills as at the date of that report.

### Recommendation 2.3 (a)

The Group's Independent Directors are:

- Geoffrey Tomlinson
- Maxine Brenner
- Grant Jackson
- Josephine Sukkar

### Recommendation 2.3 (b)

Not applicable.

### Recommendation 2.3 (c)

The following directors were appointed effective from:

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

### Recommendation 2.4

The Board currently comprises seven non-executive directors and one executive director. Four of the non-executive directors are considered "independent".

The Board considers that a director is independent if the director is a non-executive director and satisfies criteria set by the Board from time to time including that the Director:

1. is not a substantial Securityholder in the Group or an executive officer of, a substantial Securityholder of the Group where "substantial Securityholder" means a holder of 5% or more of the Group's voting securities;
2. has not, within the last three years, been employed in an executive capacity by the Group or its related entities;
3. is not an executive officer or otherwise associated directly or indirectly with a material supplier to, or customer of, the Group;
4. has no material contractual relationship with the Group or its related entities other than as a director of a company in the Group;
5. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Group's Securityholders; and



6. is free from any business of other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Group's Securityholders.

Of the three non-Executive Directors who are deemed not independent, Estienne de Klerk is the CEO (South Africa), Norbert Sasse is the Group CEO and Francois Marais is the independent Chairman of the Board 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 Board consisting of four independent directors including the independent Chairman of the Board which, although falling short of a majority bring to bear a sufficient level of objectivity to board decisions.
- The reason for Estienne de Klerk, Norbert Sasse and Francois Marais not being deemed independent (due to their respective roles as CEO (South Africa), Group CEO and Chairman of 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
- The interests of Growthpoint Properties Limited wanting to ensure that the Group is being governed in a manner which maximises Securityholder value aligns with the interests of all Securityholders.

### Recommendation 2.5

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

### Recommendation 2.6

Any new director appointed to the Board is provided with an induction primarily in relation to policies, corporate governance, compliance, risk management, continuous disclosures, corporate structure and operations.

Regular training is provided in relation to compliance, legislation changes, accounting standards and property matters to the Board.

## Principle 3 – Act ethically and responsibly

### Recommendation 3.1 (a)

The Board has established a code of conduct for all directors and employees of the Group.

### Recommendation 3.1 (b)

Refer to a copy of the Code of Conduct which is available at the Group's website:



[growthpoint.com.au/uploads/pdf/Code-of-Conduct-approved-06.08.18.docx](http://growthpoint.com.au/uploads/pdf/Code-of-Conduct-approved-06.08.18.docx)

## Principle 4 – Safeguard integrity in financial reporting

### Recommendation 4.1

The Board has established an Audit, Risk & Compliance Committee.

The Audit, Risk & Compliance Committee comprises four members, all of whom are non-executive directors and a majority of whom are independent directors.

The Chair of the Audit, Risk & Compliance Committee, Maxine Brenner, is an independent director and is not the Chairman of the Board.

The Board has established a formal charter for the Audit, Risk & Compliance Committee. The charter is available at the Group's website:



[growthpoint.com.au/uploads/pdf/Audit-and-Risk-Compliance-Committee-Charter-18-08-16-r.pdf](http://growthpoint.com.au/uploads/pdf/Audit-and-Risk-Compliance-Committee-Charter-18-08-16-r.pdf)

32 Refer to pages 32-33 of the 2018 Annual Report for more details in relation to the qualifications and experience of the Audit, Risk & Compliance Committee's members.

44 Refer to table on page 44 which sets out the number of Audit, Risk & Compliance Committee meetings held during FY18 and the attendance of each director.

### Recommendation 4.2

The Board received assurance from the Managing Director (being the person acting in the capacity as chief executive officer) and the Chief Financial Officer that the declaration provided in relation to the consolidated accounts of the Group is in accordance with section 286 of the

Corporations Act 2001 (Cth) based on a sound system of risk management, internal controls and compliance with accounting standards.

### Recommendation 4.3

The Group's auditor, KPMG, attends the Company's Annual General Meeting each year.

## Principle 5 – Make timely and balanced disclosure

### Recommendation 5.1 (a)

The Group has established a number of policies designed to ensure compliance with ASX Listing Rule disclosure requirements including "Continuous Disclosure, Media and Public Comments Policy", "Delegations of Authority Policy", "Communications Procedure" and "Rapid Response Policy and Procedure".

The policies referred to above ensure:

1. full and timely disclosure to the ASX;
2. procedures are in place to ensure the Group identifies information required to be disclosed to the ASX and that such information is disclosed in a clear and factual manner;
3. external presentations, media releases and other public statements are reviewed internally and, where necessary, released to the ASX in advance of being provided to third parties (unless an ASX Listing Rule exception applies);
4. the ability of persons to make public comment is clearly delineated to certain nominated persons, primarily the Managing Director, Norbert Sasse and Estienne de Klerk on behalf of the Company;
5. where an external statement has not been signed off by the Board, it is signed off by a nominated delegate of the Board; and
6. all directors and employees are aware of their obligations to ensure that the Group complies with the ASX Listing Rules and of the limits of their respective authority.

As Growthpoint Properties Limited is the major shareholder of Growthpoint Properties Australia Limited and the major unitholder of Growthpoint Properties Australia Trust, the Board has resolved that the Group's employees may

## Corporate Governance Statement continued

provide certain confidential information to Growthpoint Properties Limited on request subject to several exceptions including where the Board directs otherwise and where the disclosure would breach any law (including the ASX Listing Rules). Growthpoint Properties Limited has, among other things, agreed to ensure it complies at all times with the requirements of Australian law (including the ASX Listing Rules).

### Recommendation 5.1 (b)

1. The Continuous Disclosure, Media and Public Comments Policy sets out the procedure for ensuring the Group achieves best practice in complying with its disclosure obligations under the Corporations Act, ASX Listing Rules and any other rules or regulations which may be applicable.
2. The Board has approved a "Delegations of Authority Policy" under which authority for certain matters not considered material to the operation or value of the Group have been delegated to nominated directors and managers of the Group.
3. The Communications Procedure sets out authority on delegated limits of authority to the Managing Director and employees in relation to dealing with incoming correspondence (including emails, phone calls, letters) from regulators, the press, financiers and investors (retail and institutional).
4. The Rapid Response Policy and Procedure sets out the processes to be used by the Company Secretary (or the Managing Director in his or her absence or the Chairman or the next most senior available director if both are unavailable) in unusual or emergency circumstances such as an unsolicited takeover, natural disaster or sudden potential significant loss of income.

## Principle 6 – Respect the rights of shareholders

### Recommendation 6.1

The Group provides a range of information about itself and its governance on its website including:

1. the Group's strategy and philosophy;
2. the structure of the Group;
3. role of the Board of Directors;
4. details of the Board and Executive Management;
5. the role of the Audit, Risk & Compliance Committee;
6. description of the Compliance Plan;
7. the role of the Nomination, Remuneration & HR Committee;
8. the Group's compliance with the reporting and disclosure obligations under the ASX listing rules and Corporations Act;
9. the Group's Securities Trading Policy;
10. how to make a complaint and the process to resolve it;
11. the details of the external auditor;
12. the Group's commitment to diversity;
13. the Group's corporate directory; and
14. details on career opportunities within the Group.

### Recommendation 6.2

The Group continues to communicate with Securityholders through:

1. a webcast following the release of half year and annual results where management explain results and respond to questions raised by analysts and institutional investors in real time (retail investors can send questions in writing prior to the presentation and these will be answered during the presentation);
2. a dedicated email address [info@growthpoint.com.au](mailto:info@growthpoint.com.au) has been established where queries or complaints from investors can be directed;
3. regular investor presentations and investor tours across Australian cities and overseas;
4. the Annual Report, the Half Yearly Report and investor updates which are sent twice each year; and

As only a small minority of Securityholders elect to receive the full Annual Report a summary is sent to all Securityholders.

There are opportunities for management and auditors to respond to queries from Securityholders at the Annual General Meeting.

### Recommendation 6.3

Securityholders are invited to attend the Annual General Meeting in person, through the webcast or by proxy. Securityholders attending the meeting in person or through the webcast are invited to ask questions or make comments at or prior to the Annual General Meeting.

An investor relations manager is responsible for investor communications and the Annual General Meeting has been webcast from 2016. Securityholders who are unable to attend the Annual General Meeting in person, will be able to view the meeting online at their convenience. Any Securityholder may provide questions or comments they would like addressed at the meeting via email prior to the meeting.

### Recommendation 6.4

Securityholders may elect to receive, free of charge, a printed copy of the annual report or alternatively investor communications by email.

## Principle 7 – Recognise and manage risk

### Recommendation 7.1 (a)

The Board has established an Audit, Risk & Compliance Committee. Refer to the website link in relation to the Audit, Risk & Compliance Committee under the corporate governance section of the Group's website:


 [growthpoint.com.au/about/corporate-governance/](http://growthpoint.com.au/about/corporate-governance/)

The Audit, Risk & Compliance Committee is primarily responsible for the review of the effectiveness of the risk management and internal control process.

The Audit, Risk & Compliance Committee comprises four members, all of whom are non-executive directors and a majority of whom are independent directors.

The Chair of the Audit, Risk & Compliance Committee during the whole period to which this report relates was Maxine Brenner who is an independent director.

The Board has established a Risk Management Policy.

 The Audit, Risk & Compliance Committee meets at least four times a year. See page 44 for attendance.

### Recommendation 7.2 (a)

The Audit, Risk & Compliance Committee provides oversight for the Group in relation to key risks although ultimate responsibility remains with the Board.

The Board approves a Risk Rank and Control Matrix, as prepared by management every year.

The Audit, Risk & Compliance Committee appointed external consultants, Deloitte, to review and restructure the Group's Risk Management Framework.

During each half year, the Audit, Risk & Compliance Committee reviews the changes, if any, made to management's Risk Report regarding:

1. the control activities and status of the control activities for the top critical assessed risks; and
2. the key performance indicators and their respective achievements.

### Recommendation 7.2 (b)

The Managing Director provides a quarterly report to the Board in relation to risks and opportunities for the business.

Prior to the end of each half year period, the Audit, Risk & Compliance Committee reviews changes to the Risk Report formulated by the Risk Identification Committee comprising management and occasional Directors and external advisors. These changes are recommended by the Audit, Risk & Compliance Committee for the Board's approval as and when required.

The Group's external auditor, currently KPMG, reviews the Group's Risk Report not less than annually and reports to the Audit, Risk & Compliance Committee on its suitability.

### Recommendation 7.3 (a)

An internal audit function was established based on an internal audit plan prepared by external consultants, Deloitte, during FY16.

The factors considered and steps undertaken as part of this approval were:

1. consideration of staffing model and size of the organisation;
2. reporting responsibilities;
3. the completion of a risk assurance map assessment involving management, the Audit, Risk & Compliance Committee and the external consultants, Deloitte;

4. an Internal Audit Plan by external consultants, Deloitte; and
5. the planning and execution of the audit work including a system to monitor and follow up on audit recommendations.

Whilst acknowledging issues of conflict and independence, it was management's view that the internal audit function should be undertaken by the Compliance and Risk Manager. The Audit, Risk & Compliance Committee has agreed that the consultants, Deloitte, will undertake internal audit of any work (including control and monitoring) that conflicts with the Compliance and Risk Manager's role.

Since the introduction of the internal audit function, the Compliance and Risk Manager has reported and made recommendations to management and the Audit, Risk & Compliance Committee on key areas around:

1. business cycle (corporate card expenses transactions);
2. compliance and governance (Australian Financial Services Licence and Custodial requirements);
3. accounts receivable and debtor management;
4. remuneration (including total fixed remuneration, short-term incentive and long-term incentive); and
5. financial reporting processes.

During FY18, the external consultants, Deloitte, reported and made recommendations to management and the Audit, Risk & Compliance Committee on key areas around the compliance framework and controls.

### Recommendation 7.3 (b)

Not applicable.

### Recommendation 7.4:

The Group has in place a Risk Management Framework to:

1. identify, prioritise and assess the severity and impact of risks;
2. control, mitigate and reduce risks; and
3. ensure that key performance indicators are met.

A Risk Identification Committee comprising management, and from time to time directors and external advisers meets not less than twice a year to consider and review the material risks faced by the Group.



Refer to pages 36-37 for more details on the key material risks faced by the Group as at the date of this report.

Each year, the Audit, Risk & Compliance Committee reviews the Risk Report regarding:

1. the control activities and status of the control activities for the key assessed risks; and
2. the key performance indicators for each risk.

The Group has also identified the following material potential economic risks:

1. environmental degradation and hazardous waste; and
2. health and safety issues.

The Group has a dedicated "Sustainability Task Force" to focus on achieving improved environmental, social and governance performance.

During FY18, the Sustainability Task Force has sought independent advice from external consultants in relation to sustainability matters relevant to the Group.

## Principle 8 – Remunerate fairly and responsibly

### Recommendation 8.1:

The Nomination, Remuneration & HR Committee comprises four members, all of whom are non-executive directors and two are independent directors. The Chair of the Committee and the Committee member, Norbert Sasse and 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 Norbert Sasse as the Chair and of Francois Marais' as a member of the Nomination, Remuneration & HR Committee is appropriate having regard to:

1. the reason for Norbert Sasse and Francois Marais not being deemed to be independent (i.e. their respective roles as Group CEO and Chairman of the Group's major Securityholder) is unlikely to have any adverse impact, from Securityholders' perspective, on their roles in recommending and determining remuneration;



## Corporate Governance Statement continued

2. the interest of Growthpoint Properties Limited wanting to ensure executives are remunerated appropriately and in a manner which maximises Securityholder value aligns with the interests of all Securityholders; and
3. half of the Nomination, Remuneration & HR Committee comprises of independent directors including the independent Chairman of the Board.

The Board has established a charter for the Nomination, Remuneration & HR Committee which is available at the Group's website:



[growthpoint.com.au/uploads/pdf/Nomination-Remuneration-and-HR-Committee-Charter-17.08.17.pdf](http://growthpoint.com.au/uploads/pdf/Nomination-Remuneration-and-HR-Committee-Charter-17.08.17.pdf)

The Nomination, Remuneration & HR Committee has sought independent remuneration advice from PwC.



The table on page 44 sets out the number of Nomination, Remuneration & HR Committee meetings held during FY18 and the attendance of each director.

### Recommendation 8.2:



Refer to page 46 of the 2018 Annual Report for details of non-executive remuneration.



Refer to page 39 of the 2018 Annual Report for more details of executive director remuneration.



Refer to page 39 of the 2018 Annual Report for more details of executive remuneration.

### Recommendation 8.3 (a):

Under the Group's Securities Trading Policy, employees are not authorised to enter into a transaction that will limit the economic risk of securities allocated under the employee share plan within the period those securities remain unvested or subject to other restrictions under the terms of the plan.

A copy of the Securities Trading Policy is available at the Group's website:



[growthpoint.com.au/uploads/pdf/Securities-Trading-Policy-31-March-2016.pdf](http://growthpoint.com.au/uploads/pdf/Securities-Trading-Policy-31-March-2016.pdf)







**Tanja Rankovic**  
Accountant



**Becky Williams**  
Assistant Accountant

## GRI Index

## General disclosures

GRI	Definition	Location of disclosure	External Assurance	Further information
<b>Organisational Profile</b>				
102-1	Name of the organisation	2018 Sustainability Report: page 1	–	–
102-2	Activities, brands, products, and services	2018 Annual Report: Consistent and transparent business model, page 7	–	2018 Annual Report: Portfolio Review, page 20-28
102-3	Location of headquarters	2018 Sustainability Report: Corporate Directory, page 63	–	–
102-4	Location of operations	2018 Annual Report: page 55	–	–
102-5	Ownership and legal form	2018 Annual Report: Financial Report - Reporting entity, page 61	KPMG	–
102-6	Markets served	2018 Annual Report: Property Portfolio overview, pages 20-21	–	–
102-7	Scale of the organisation	2018 Sustainability Report: People and community, pages 24-27	–	–
102-8	Information on employees and other workers	2018 Sustainability Report: People and community, pages 24-27 2018 Annual Report: Remuneration report, page 36	–	–
102-9	Supply chain	2018 Sustainability Report: Reporting and management structure, page 33	–	–
102-10	Significant changes to the organisation and its supply chain	2018 Annual Report: Securityholder information, page 109	–	–
102-11	Precautionary Principle or approach	2018 Sustainability Report: Approach to risk, page 30	–	–
102-12	External initiatives	2018 Sustainability Report: Key FY19 targets, page 30	–	–
102-13	Membership of associations	2018 Sustainability Report: Industry partnerships, page 60	–	–
<b>Strategy</b>				
102-14	Statement from senior decision-maker	2018 Sustainability Report: Message from the Chairman and the Managing Director, page 7	–	–
102-15	Key impacts, risks, and opportunities	2018 Sustainability Report: Growthpoint and climate change, page 22 Risk and resilience, page 30 Environment - Sustainability objectives, page 19 Social - Sustainability objectives, page 28 Governance - Sustainability objectives, page 35 Key risks, pages 36-37	–	–
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behaviour	2018 Sustainability Report: Governance, page 30 Refer to the Group's response to recommendation 3.1 (a) and (b) of the Corporate Governance Statement in the Code of Conduct policy which is available at the group's website	–	<a href="http://growthpoint.com.au">growthpoint.com.au</a>
102-17	Mechanisms for advice and concerns about ethics	The Group has in place an Anti-Bribery, Corruption and Whistleblowing policy and has appointed an external Whistleblower service provider. The Group also has in place a Complaints Handling Procedure (including dispute resolution) details of which are available on the Group's website.  Refer to the Group's Code of Conduct policy which is available at the Group's website	–	<a href="http://growthpoint.com.au/about/corporate-governance/">growthpoint.com.au/about/corporate-governance/</a>



## GRI Index continued

GRI	Definition	Location of disclosure	External Assurance	Further information
<b>Governance</b>				
102-18	Governance structure	<b>2018 Sustainability Report:</b> ASX Principles Summary - Principles 2.1, 2.3(a), (b), (c), 2.4, 2.5, 4.1 and 8.1, pages 38-41	-	-
102-19	Delegating authority	<b>2018 Sustainability Report:</b> ASX Principles Summary - Principles 1.1 (a) and (b), page 38	-	-
102-20	Executive-level responsibility for economic, environmental, and social topics	Refer to the Audit, Risk and Compliance Committee charter and the Nomination, Remuneration and HR Committee charter which are available at the Group's website.	-	<a href="http://growthpoint.com.au/about/corporate-governance/">growthpoint.com.au/about/corporate-governance/</a>
102-21	Consulting stakeholders on economic, environmental, and social topics	Refer to the Sustainability and Stakeholder Policy available on the Group's website.	-	-
102-22	Composition of the highest governance body and its committees	<b>2018 Sustainability Report:</b> ASX Principles Summary - Principles 2.1, 2.3(a), (b), (c), 2.4, 2.5, 4.1 and 8.1, pages 38-41 Refer to the Audit, Risk and Compliance Committee charter and the Nomination, Remuneration and HR Committee charter which are available at the Group's website.	-	-
102-23	Chair of the highest governance body	<b>2018 Sustainability Report:</b> ASX Principles Summary - Principle 2.5, page 40	-	-
102-24	Nominating and selecting the highest governance body	<b>2018 Sustainability Report:</b> ASX Principles Summary - Principles 1.5(a), 2.1, 2.3 (a) and (b), 2.4 and 2.5, pages 38-40 Refer to the Group's Diversity Policy and Sustainability and Stakeholder Policy which is available at the Group's website <b>2018 Annual Report:</b> Board of Directors, pages 32-33	-	-
102-25	Conflicts of interest	<b>2018 Annual Report:</b> Governance, pages 32-53 Financial Report - Notes to the Financial Statements 4.2 Related party transactions, page 90 Top 20 Legal Securityholders, page 109	-	-
102-26	Role of highest governance body in setting purpose, values, and strategy	<b>2018 Sustainability Report:</b> Governance, pages 30-49	-	-
102-27	Collective knowledge of highest governance body	<b>2018 Sustainability Report:</b> Governance, pages 30-49	-	-
102-28	Evaluating the highest governance body's performance	<b>2018 Sustainability Report:</b> ASX Principles Summary, pages 38-48	-	-
102-29	Identifying and managing economic, environmental, and social impacts	<b>2018 Sustainability Report:</b> Governance, pages 30-49	-	-
102-30	Effectiveness of risk management processes	<b>2018 Sustainability Report:</b> ASX Principles Summary 7.2 (a) and (b) and 7.4, page 41	-	-
102-31	Review of economic, environmental, and social topics	<b>2018 Sustainability Report:</b> ASX Principles Summary - 7.2 (b) and 7.4, page 41	-	-
102-32	Highest governance body's role in sustainability reporting	<b>2018 Sustainability Report:</b> ASX Principles 7.4, page 41	-	-
102-33	Communicating critical concerns	<b>2018 Sustainability Report:</b> ASX Principles 7.2 (b), page 41	-	-

GRI	Definition	Location of disclosure	External Assurance	Further information
102-34	Nature and total number of critical concerns	<b>2018 Sustainability Report:</b> Key Risks, pages 36-37	–	–
102-35	Remuneration policies	<b>2018 Annual Report:</b> Remuneration Report, pages 36-53	–	–
102-36	Process for determining remuneration	<b>2018 Annual Report:</b> Remuneration Report, pages 36-53	–	–
102-37	Stakeholders' involvement in remuneration	<b>2018 Sustainability Report:</b> Growthpoint's Sustainability Framework pages 8-9	–	–
102-38	Annual total compensation ratio	–	–	Ratio for FY18 is 14.9 to 1
102-39	Percentage increase in annual total compensation ratio	–	–	Ratio for FY18 increase over FY17 is 14.6 to 1
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	<b>2018 Sustainability Report:</b> Growthpoint's Sustainability Framework pages 8-9	–	–
102-41	Collective bargaining agreements	–	–	None of our employees are party to collective bargaining agreements.
102-42	Identifying and selecting stakeholders	<b>2018 Sustainability Report:</b> Growthpoint's Sustainability Framework pages 8-9	–	Growthpoint is revising work completed in August 2016, for inclusion in FY19 Sustainability Report.
102-43	Approach to stakeholder engagement	<b>2018 Sustainability Report:</b> Growthpoint's Sustainability Framework pages 8-9	–	–
102-44	Key topics and concerns raised	<b>2018 Sustainability Report:</b> Growthpoint's Sustainability Framework pages 8-9	–	Growthpoint is revising work completed in August 2016, for inclusion in FY19 Sustainability Report.
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	<b>2018 Annual Report - Financial Report:</b> Note 1 and Note 4.6, pages 61-62, 93	KPMG	–
102-46	Defining report content and topic Boundaries	<b>2017 Sustainability Report:</b> Material Issues, page 11	–	Growthpoint is revising work completed in August 2016, for inclusion in FY19 Sustainability Report.
102-47	List of material topics	<b>2017 Sustainability Report:</b> Material Issues, page 11	–	Growthpoint is revising work completed in August 2016, for inclusion in FY19 Sustainability Report.
102-48	Restatements of information	–	–	–
102-49	Changes in reporting	Not applicable	–	–
102-50	Reporting period	–	–	Most is for FY18, however due to GRESB being on a calendar year basis, some information is presented by calendar year as highlighted
102-51	Date of most recent report	–	–	30 June 2018
102-52	Reporting cycle	Annual	–	–
102-53	"Contact point for questions regarding the report"	<b>2018 Sustainability Report:</b> Corporate Directory page 63	–	–
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Comprehensive option.	–	–
102-55	GRI content index	<b>2018 Sustainability Report:</b> Page 51	–	–
102-56	External assurance	–	–	No external assurance provided except as set out herein.

## GRI Index continued

## Topic specific disclosures

GRI	Definition	Location of disclosure	External Assurance	Further information
<b>GRI 200 Economic Standard Series</b>				
<b>Economic Performance</b>				
<i><b>GRI 103: Management Approach 2016</b></i>				
103-1	Explanation of the material topic and its Boundary	<b>2018 Sustainability Report:</b> Growthpoint and climate change, pages 22-23	–	–
103-2	The management approach and its components	<b>2018 Sustainability Report:</b> Growthpoint and climate change, pages 22-23	–	–
103-3	Evaluation of the management approach	<b>2018 Sustainability Report:</b> Growthpoint and climate change, pages 22-23	–	–
<i><b>GRI 201: Economic Performance 2016</b></i>				
201-1	Direct economic value generated and distributed	<b>2018 Sustainability Report:</b> FY18 Highlights, page 4	–	–
201-2	Financial implications and other risks and opportunities due to climate change	<b>2018 Sustainability Report:</b> Growthpoint and climate change, pages 22-23	–	–
201-3	Defined benefit plan obligations and other retirement plans	–	–	The Group does not have any defined benefit plans in place
201-4	Financial assistance received from government	–	–	None received
<b>Environmental</b>				
<b>Energy</b>				
<i><b>GRI 103: Management Approach 2016</b></i>				
103-1	Explanation of the material topic and its Boundary	<b>2018 Sustainability Report:</b> Management Approach and Methodology, Operational Control, page 14	–	–
103-2	The management approach and its components	<b>2018 Sustainability Report:</b> Management Approach and Methodology, Operational Control, page 14	–	–
103-3	Evaluation of the management approach	<b>2018 Sustainability Report:</b> Management Approach and Methodology, Operational Control, page 14	–	–
<i><b>GRI 302: Energy 2016</b></i>				
302-1	Energy consumption within the organization	<b>2018 Sustainability Report:</b> Resource consumption, pages 17-18 Property Portfolio Information (CY17), pages 20-21 Growthpoint Summary Emissions by Scope, page 16	WSP Australia Pty Limited, Assurance Statement, page 58-59	–
302-2	Energy consumption outside of the organization	<b>2018 Sustainability Report:</b> Property Portfolio Information (CY17), page 20-21	–	–
302-3	Energy intensity	<b>2018 Sustainability Report:</b> Energy Consumption Intensity, page 15 Resource Consumption Summary, page 18	–	–
302-4	Reduction of energy consumption	<b>2018 Sustainability Report:</b> Performance Summary, page 16 Environmental Sustainability Objectives Summary, page 19	–	–
302-5	Reductions in energy requirements of products and services	Not applicable	–	–

GRI	Definition	Location of disclosure	External Assurance	Further information
<b>Water</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	<b>2018 Sustainability Report:</b> Management Approach and Methodology, Operational Control, page 14	–	–
103-2	The management approach and its components	<b>2018 Sustainability Report:</b> Management Approach and Methodology, Operational Control, page 14	–	–
103-3	Evaluation of the management approach	<b>2018 Sustainability Report:</b> Management Approach and Methodology, Operational Control, page 14	–	–
<b>GRI 303: Water 2016</b>				
303-1	Water withdrawal by source	<b>2018 Sustainability Report:</b> Resource consumption, pages 17-18	–	–
303-2	Water sources significantly affected by withdrawal of water	Not applicable	–	–
303-3	Water recycled and reused	Not applicable	–	–
<b>Emissions</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	<b>2018 Sustainability Report:</b> Management Approach and Methodology, Operational Control, page 14 Growthpoint Emissions Summary by Scope, page 16	–	–
103-2	The management approach and its components	<b>2018 Sustainability Report:</b> Management Approach and Methodology, Operational Control, page 14	–	–
103-3	Evaluation of the management approach	<b>2018 Sustainability Report:</b> Management Approach and Methodology, Operational Control, page 14	–	–
<b>GRI 305: Emissions 2016</b>				
305-1	Direct (Scope 1) GHG emissions	<b>2018 Sustainability Report:</b> Growthpoint Emissions Summary by Scope, pages 16-18	–	–
305-2	Energy indirect (Scope 2) GHG emissions	<b>2018 Sustainability Report:</b> Growthpoint Emissions Summary by Scope, pages 16-18	–	–
305-3	Other indirect (Scope 3) GHG emissions	<b>2018 Sustainability Report:</b> Growthpoint Emissions Summary by Scope, pages 16-18	–	–
305-4	GHG emissions intensity	<b>2018 Sustainability Report:</b> Resource consumption, page 18	–	–
305-5	Reduction of GHG emissions	<b>2018 Sustainability Report:</b> pages 16-19	–	–
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable	–	–
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not applicable	–	–
<b>Effluents and Waste</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	–	–	–
103-2	The management approach and its components	–	–	–
103-3	Evaluation of the management approach	–	–	–



## GRI Index continued

GRI	Definition	Location of disclosure	External Assurance	Further information
<b>GRI 306: Effluents and Waste 2016</b>				
306-1	Water discharge by quality and destination	Not applicable	–	–
306-2	Waste by type and disposal method	<b>2018 Sustainability Report:</b> Resource Consumption, pages 17-18	–	–
306-3	Significant spills	Not applicable	–	–
306-4	Transport of hazardous waste	Not applicable	–	–
306-5	Water bodies affected by water discharges and/or runoff	Not applicable	–	–
<b>Compliance</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	<b>2018 Sustainability Report:</b> Sustainability objectives summary, page 19	–	–
103-2	The management approach and its components	<b>2018 Sustainability Report:</b> Sustainability objectives summary, page 19	–	–
103-3	Evaluation of the management approach	<b>2018 Sustainability Report:</b> Sustainability objectives summary, page 19	–	–
<b>GRI 307: Environmental Compliance 2016</b>				
307-1	Non-compliance with environmental laws and regulations	<b>2018 Sustainability Report:</b> Sustainability objectives summary, page 19	–	–
<b>GRI 400 Social Standard Series</b>				
<b>Labour practices and decent work</b>				
<b>Employment</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	<b>2018 Sustainability Report:</b> People and community, page 24	–	–
103-2	The management approach and its components	<b>2018 Sustainability Report:</b> People and community, page 24	–	–
103-3	Evaluation of the management approach	<b>2018 Sustainability Report:</b> People and community, page 24	–	–
<b>GRI 401: Employment 2016</b>				
401-1	New employee hires and employee turnover	<b>2018 Sustainability Report:</b> People and community, page 24	–	–
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not applicable	–	–
401-3	Parental leave	<b>2018 Sustainability Report:</b> People and community, page 24	–	–
<b>Diversity and Equal Opportunity</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	<b>2018 Sustainability Report:</b> People and community, page 24	–	–
103-2	The management approach and its components	<b>2018 Sustainability Report:</b> People and community, page 24	–	–
103-3	Evaluation of the management approach	<b>2018 Sustainability Report:</b> People and community, page 24	–	–

GRI	Definition	Location of disclosure	External Assurance	Further information
<b>GRI 401: Diversity and Equal Opportunity 2016</b>				
405-1	Diversity of governance bodies and employees	2018 Sustainability Report: People and community, page 24	–	–
405-2	Ratio of basic salary and remuneration of women to men	–	–	Ratio for FY18 of women to men is 1 to 3.6
<b>Society</b>				
<b>Compliance</b>				
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	2018 Sustainability Report: Governance - Sustainability objectives, page 35	–	–
103-2	The management approach and its components	2018 Sustainability Report: Governance - Sustainability objectives, page 35	–	–
103-3	Evaluation of the management approach	2018 Sustainability Report: Governance - Sustainability objectives, page 35	–	–
<b>GRI 419: Socioeconomic Compliance 2016</b>				
419-1	Non-compliance with laws and regulations in the social and economic area	2018 Sustainability Report: Governance - Sustainability objectives, page 35	–	–



## Assurance Statement



15 June 2018

**Steve Lee**

Manager - Projects & Sustainability  
GROWTHPOINT PROPERTIES AUSTRALIA

Dear Steve

### WSP Letter of Assurance for Growthpoint Properties Australia limited

WSP has conducted an independent third party review of the greenhouse gas, energy, and water inventories for the 2017 calendar year, for Growthpoint Properties Australia Limited, with the intention of providing limited assurance of its accuracy and completeness. The scope of the review includes:

- Scope 1 & 2 greenhouse gas emission sources for directly managed assets, and head office tenancy
- Scope 3 greenhouse gas emission sources for indirectly managed assets, head office, indirectly managed tenancy spaces, and other scope 3 sources (Air travel, Car rental, Taxi fuel consumption and Hotel Accommodation).
- Water usage for all assets

It is noted that the reported water use for indirectly managed assets, and the scope 3 emissions is as per the data provided and does not cover all properties.

WSP has provided feedback during the review of GHG, energy, and water inventories with specific areas that have been flagged for clarification or improvement. Growthpoint has addressed all requests for clarification and has completed all necessary corrective actions.

The details of the scope of this assurance review can be found in Table 1. Given that there are no verification standards specific to water, principles of GHG verification were adapted and applied.

**Table 1: Assurance Scope**

Assurance Parameter	Relevant Inventory	Specification
<b>Calculation and Reporting Protocol</b>	GHG and Energy	The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
	Water	Guidance adapted for water from: The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
<b>Verification Standard</b>	GHG and Energy	ISO 14064-3
	Water	Verification guidance adapted for water from: ISO 14064-3
<b>Type of Assurance</b>	GHG, Energy, and Water	Limited (as per ISAE3000)
<b>Organisational Boundary</b>	GHG, Energy, and Water	Properties under Growthpoint operational control.
<b>Geography</b>	GHG, Energy, and Water	Australia
<b>Inventory Period and Emissions Covered</b>	GHG, Energy, and Water	January 1, 2017 to December 31, 2017
<b>Scope 1 Managed Assets</b>	GHG	802 tCO <sub>2</sub> e Tonnes CO <sub>2</sub> -e (all Scope 1 sources)
<b>Scope 2 Managed Assets &amp; Head Office</b>	GHG	13,396 tCO <sub>2</sub> e Tonnes CO <sub>2</sub> -e (all Scope 2 sources)



Assurance Parameter	Relevant Inventory	Specification
<b>Total Scope 1 and 2</b>	GHG	14,198 tCO <sub>2</sub> e <i>Tonnes CO<sub>2</sub>-e (all Scope 1 &amp; 2 sources)</i>
<b>Total Scope 3</b>	GHG	17,673 tCO <sub>2</sub> e <i>Tonnes CO<sub>2</sub>-e (all Scope 3 sources for data provided)</i>
<b>Energy (excluding diesel)</b>	Electricity Gas	15,470 MWh 4,324 MWh
<b>Water</b>	Water	77,103 m <sup>3</sup> (managed office assets only) 151,442 m <sup>3</sup> (indirectly managed assets, for data provided)
<b>Supporting Documents Reviewed</b>	GHG, Energy, and Water	<ul style="list-style-type: none"> <li>• Site-level inventories for energy and water</li> <li>• Corporate inventory for GHG, Energy, and Water</li> <li>• Energy (electricity and natural gas) invoice data</li> <li>• Water invoice data</li> <li>• Head office source data</li> <li>• National Greenhouse Accounts Factors: August 2016, July 2017</li> </ul>
<b>Date Review Complete</b>	5th June 2017	

#### Assurance Finding

Based on these review processes and procedures, WSP has no evidence that the 2017 GHG, energy, and water inventories are not materially correct, are not a fair representation of the corresponding data and information, or have not been prepared in accordance with the Greenhouse Gas Protocol.

#### Professional Conduct

WSP has conducted this limited assurance review in its capacity as an independent third party in accordance with the ISO 14065 International Standard, *Greenhouse gases — Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition*. ISO 14065 specifies the principles and requirements employed by WSP to make this GHG assertion. Members of the WSP Assurance Team have not contributed to the compilation of the 2017 GHG, energy, or water inventories and are not working with Growthpoint's 2017 GHG, energy, or water inventories beyond what is required of this assignment.

Yours Sincerely

**Tim Parker**  
Director, Sustainability Manager ANZ  
WSP Australia Pty Limited  
Level 27, 680 George Street  
Sydney, NSW  
2000 Australia







## Industry partnerships



### GRESB

GRESB is the global standard for ESG benchmarking and reporting for listed property companies, property funds and investors that directly invest in real estate. Growthpoint has participated in the annual benchmarking survey since 2015.



### GRI

Global Reporting Initiative (GRI) is an international independent organisation that helps businesses and governments understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption, governance and social well-being. GRI's mission is empower decisions that create social, environmental and economic benefits for everyone. The GRI Sustainability Reporting Standards are the first and most widely adopted global standards for sustainability reporting. Growthpoint utilises the GRI Index for its ESG reporting processes.



### CDP

CDP runs a global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts. CDP collects environmental performance data from participants and transforms that data into detailed analysis on critical environmental risks, opportunities and impacts to enable investors, businesses and policy makers make better decisions, manage risk and capitalize on opportunities.

Growthpoint has been participating in the annual CDP survey since 2016.



### Australian Investor Relations Association

Australasian Investor Relations Association's mission is to advance the awareness of best practice in investor relations in Australasia and thereby improve the relationship between listed entities and the investment community.



### Property Council of Australia

The PCA is the leading advocate for the property industry in Australia and is committed to a thriving industry creating prosperity, jobs and strong communities. The PCA champions the interests of more than 2200 member companies that represent the full spectrum of the industry, including those who invest, own, manage and develop in all sectors of property, creating landmark projects and environments. Growthpoint has been a member since 2014.



### Green Building Council of Australia

Growthpoint is a proud member of the Green Building Council of Australia (GBCA).

GBCA is a not-for-profit member based organisation that is committed to developing buildings, cities and communities that are healthy, liveable, productive, resilient and sustainable.



Buildings B & C, 211 Wellington Road, Mulgrave, VIC





## Glossary

**\$ or dollar** refers to Australian currency unless otherwise indicated

**AFSL** Australian Financial Services Licence

**A-REIT** Australian Real Estate Investment Trust

**ASX** Australian Securities Exchange

**bn** billion

**Board** the board of directors of the Company

**Cap rate or capitalisation rate** refers to the market income produced by an asset divided by its value or cost

**CDP** Global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts

**Company or responsible entity** Growthpoint Properties Australia Limited

**cps** cents per security

**CY16, CY17** the calendar year ended 31 December in the year listed i.e. "CY17" means the calendar year ended 31 December 2017

**distributions** the amount Securityholders receive by way of income in their hand (before any tax or brokerage costs). It is similar to a dividend by a company but it is payable by the Trust

**Fund-through** a mechanism under which an entity (in this report typically Growthpoint) funds development as completion of works occur

**FY14, FY15, FY16, FY17 and FY18** the 12 months ended on 30 June in the year listed i.e. "FY18" means the 12 months ended 30 June 2018

**FY19, FY20, FY21, FY22 and FY23** the 12 months ending on 30 June in the year listed i.e. "FY19" means the 12 months ending 30 June 2019

**HY13, HY14, HY15, HY16, HY17 and HY18** the six months ended on 31 December in the prior calendar year listed i.e. "HY18" means the six months ended 31 December 2017

**HY19, HY20, HY21 and HY22** the six months ending on 31 December in the prior calendar year listed i.e. "HY19" means the six months ending 31 December 2018

**Gearing** interest bearing liabilities less cash divided by total assets less cash

**GHG** Greenhouse gas

**GRESB** Global ESG Benchmark for Real Assets

**GOZ** the ASX trading code that Growthpoint trades under.

**Green Star** an internationally recognised sustainability rating system issued by the Green Building Council in Australia

**GRI** Global Reporting Initiative. Further information can be found on page 62.

**Growthpoint or the Group** Growthpoint Properties Australia comprising the Company, the Trust and their controlled entities

**Growthpoint SA or GRT** Growthpoint Properties Limited of South Africa (Growthpoint's majority Securityholder) which trades on the JSE under the code "GRT"

**JLL** the Australian arm of Jones Lang LaSalle, an international professional services and investment management firm

**JSE** Johannesburg Stock Exchange

**kWh** kilowatt hour unit of energy

**m** million

**MJ** Mega Joule unit of energy

**MW** Megawatt Unit of power equal to one million watts

**NGER** National Greenhouse and Energy Reporting

**NABERS** National Australian Built Environment Rating System (a national system for measuring environmental performance of buildings)

**REIT** real estate investment trust

**Securityholder** an owner of Growthpoint securities

**S&P** Standard & Poor's

**sqm** square metres

**sustainability** a process for ensuring activities are able to be continued and assets and resources are able to endure for a medium-long-term

**tCO2-e** Tonnes of carbon dioxide equivalents. The universal unit of measurement to indicate the global warming potential of greenhouse gases

**Trust** Growthpoint Properties Australia Trust



## 2018 Securityholder Calendar\*

### 16 August 2018

> Results for the full year ended 30 June 2018 announced to ASX

### 31 August 2018

> Distribution paid for the half year ending 30 June 2018  
> FY18 Annual Report sent to Securityholders

### 18 October 2018

> Investor Update released to ASX

### 21 November 2018

> Annual General Meeting

\* Dates indicative and subject to change by the Board.



## Contact details

### Retail Investors:

**Computershare Investor Services Pty Limited**  
GPO Box 2975, Melbourne VIC 3001 Australia

Phone (within Australia): 1300 850 505

Phone (outside Australia): +61 (0)3 9415 4000

Fax: +61 (0)3 9473 2500

Email: [webqueries@computershare.com.au](mailto:webqueries@computershare.com.au)

### Institutional Investors:

**Daniel Colman** – Investor Relations Manager

**Pooja Shetty** – Investor Relations Administrator

Email: [info@growthpoint.com.au](mailto:info@growthpoint.com.au)

Investor Services Line: 1800 260 453

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

## Corporate directory

**Growthpoint Properties Australia Limited**  
ABN 33 124 093 901; AFSL No 316409

**Growthpoint Properties Australia Trust**  
ARSN 120 121 002

### Registered Office

Level 31, 35 Collins Street,  
Melbourne VIC 3000 Australia

Phone: (03) 8681 2900

Fax: (03) 8681 2910

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

### Directors

Geoffrey Tomlinson, Timothy Collyer, Maxine Brenner,  
Estienne de Klerk, Grant Jackson, Francois Marais,  
Norbert Sasse, Josephine Sukkar

### Company Secretaries

Aaron Hockly<sup>1</sup>, Dion Andrews, Yien Hong

### Auditor KPMG

Tower 2, 727 Collins Street  
Melbourne VIC 3008 Australia

### ASX Code

Growthpoint Properties Australia securities are listed  
on the Australian Securities Exchange (Code GOZ).

1. Aaron Hockly is on parental leave and will return in April 2019.



2018 Sustainability Report

Growthpoint Properties Australia  
Level 31, 35 Collins Street, Melbourne VIC Australia  
Investor Services Line: 1800 260 453  
[www.growthpoint.com.au](http://www.growthpoint.com.au)

