

Goodman Group Corporate Governance Statement

Goodman Group ('Goodman' or 'Group') is committed to the highest standards of corporate governance and recognises that an effective corporate governance culture is critically important to the long term performance of the business.

Goodman is a triple stapled entity comprised of the Australian company, Goodman Limited ('GL'), the Australian trust, Goodman Industrial Trust ('GIT') and the Hong Kong company, Goodman Logistics (HK) Limited ('GLHK'). Goodman is governed by its constituent documents, applicable laws (including the Australian Corporations Act (*Corporations Act 2001* (Cth)) and the Hong Kong Companies Ordinance), the ASX Listing Rules and, in respect of GIT, the compliance plan lodged with the Australian Securities & Investments Commission ('ASIC').

As an ASX listed entity, Goodman is required to comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd Edition ('CGC Principles and Recommendations') or disclose any differences. This Corporate Governance Statement ('Statement') outlines the ways in which Goodman has met the CGC Principles and Recommendations for the 2018 financial year.

The effective date of this Statement is 14 September 2018 and it has been approved by the Board.

Any departures from the CGC Principles and Recommendations in respect of the reporting period are described below.

The Statement has been organised into the following sections:

	Section	Page
1	Governance	2
2	Board review and composition	6
3	Integrity of financial reporting	8
4	Managing risk and compliance	10
5	Remuneration	13
6	Engagement with stakeholders	14
7	People and conduct	16
8	Diversity	20

The Boards

The Boards of Goodman Group consist of the Board of GL, the Board of Goodman Funds Management Limited ('GFML') as the responsible entity for GIT, and the Board of GLHK.

The Boards of GL and GFML meet jointly and comprise the same Directors.

GLHK has a separate board of directors, which partially overlaps the GL/GFML Board. GLHK's Board composition reflects its status as a Hong Kong tax resident and is comprised of Mr Ferrier, Mr Collins and Mr Peeters.

The Boards of each stapled entity are chaired by Mr Ferrier, and the majority of each board is Independent. Of the total number of ten directors, seven are Independent.

The composition of the respective Boards as well as the status and tenure of Directors and attendance at Board Meetings is set out below.

GL/GFML Board

Director	Status	GL Tenure ¹	GFML Tenure ¹	GL/GFML Meetings ²
Mr Ian Ferrier, AM – Chairman	Independent	14y 10m	13y 4m	10/10
Mr Gregory Goodman	Executive	19y 11m	23y 5m	10/10
Mr Stephen Johns	Independent	1y 6m	1y 6m	10/10
Ms Rebecca McGrath	Independent	6y 3m	6y 3m	10/10
Mr Danny Peeters	Executive	5y 6m	5y 6m	10/10
Mr Phillip Pryke	Independent	7y 9m	7y 9m	10/10
Mr Anthony Rozic	Executive	5y 6m	5y 6m	10/10
Mr James Sloman, OAM	Independent	12y 5m	12y 5m	10/10
Ms Penny Winn ³	Independent	0y 5m	0y 5m	3/3
Mr John Harkness (retired) ⁴	Independent	12y 9m	13y 9m	6/6
Ms Anne Keating (retired) ⁴	Independent	12y 9m	13y 9m	6/6
Mr Philip Fan (retired) ⁴	Independent	6y 0m	6y 0m	6/6

GLHK Board

Director	Status	GLHK Tenure ¹	GLHK Meetings ²
Mr Ian Ferrier, AM – Chairman	Independent	6y 4m	5/5
Mr David Collins ⁵	Independent	0y 5m	1/1
Mr Danny Peeters ⁵	Executive	0y 5m	1/1

1.1, 2.3, 2.4, 2.5, 3.3

Mr Gregory Goodman (retired) (alternate director) ⁶	Executive	6y 5m	1/1
Mr Philip Fan (retired) ⁴	Independent	5y 9m	3/3

1. As at 30 June 2018.
2. Attended / Entitled to attend during the 2018 financial year.
3. Ms Winn joined the GL/GFML Board on 1 February 2018.
4. Mr Harkness, Ms Keating and Mr Fan resigned on 16 November 2017.
5. Mr Peeters and Mr Collins commenced as directors of Goodman Logistics (HK) Limited on 1 February 2018.
6. In respect of the GLHK Board, on 16 November 2017, Mr Goodman was appointed as a director in his personal capacity. On 1 February 2018, Mr Goodman resigned as a director in his personal capacity and continued as the alternate director to Mr Ferrier.

The Boards' powers and responsibilities

The GL, GFML and GLHK Boards must exercise their respective functions diligently and, to the extent permitted by law, in the best interests of Securityholders as a whole.

The Boards and their Committees will continue to have oversight of the Group's business, operations and compliance. The GL Board is responsible for the preparation of GL consolidated accounts (which includes GIT and GLHK) as well as the determination of dividends from GL. The GFML Board is responsible for the preparation of the GIT consolidated accounts and the determination of distributions out of GIT. The GLHK Board is responsible for the preparation of GLHK consolidated accounts, the determination of dividends from GLHK and any other non-delegable acts.

The roles, responsibilities and operation of the Boards and their delegation of authority to management are set out in the Board Charter, a copy of which is published on Goodman's website. The Board Charter was updated in February 2018 and adopted by GL, GFML and GLHK. The charter clearly establishes the role of the Boards in setting Goodman's objectives and their responsibilities in the implementation of such objectives.

The Boards have the power to do all things necessary to perform their duties and fulfil their purpose including to:

1. set strategic direction for the Goodman business;
2. approve strategic alliances;
3. review progress against strategy;
4. approve principles, policies, strategies, processes and control frameworks for the management of Goodman's business; and
5. sub-delegate their powers and discretions to Committees of the Board, executives of Goodman, or management committees with or without the power to delegate further.

Effective oversight and risk management are a fundamental part of Goodman's business strategy and central to protecting the interests of Securityholders. The Boards have the ultimate responsibility for risk management and compliance. Goodman operates within overall guidelines and specific parameters set by the Boards.

The Boards have established a number of Committees to assist in the exercise of their functions and the discharge of their duties, including that financial reports are true and fair and comply with applicable accounting standards. Each Committee

1.1

Governance	Recommendation
<p>can sub-delegate its powers and discretions, including to executives of Goodman, with or without the power to delegate further.</p> <p>The Board of GLHK has reserved the right to make decisions in respect of any matters delegated to and considered by the Committees (including the Audit Committee, the Remuneration and Nomination Committee and the Risk and Compliance Committee) and the Committees will only make recommendations to the Board of GLHK.</p> <p>The Boards have also developed a statement of delegated authority to management. This delegated authority stipulates those matters to be dealt with by the Boards and those matters which are delegated to management. The general statement of delegated authority governs areas such as finance, corporate matters and property transactions.</p>	
<p>Independent decision-making</p> <p>The Directors bring independent thinking, high standards of corporate governance and good judgement to the Boards. Each Director provides confirmations on their ability to adequately perform their role on an annual basis. Directors are also required to inform the Chairman prior to accepting any other board appointments offered to them.</p> <p>Independence is assessed annually and the Boards have assessed individual Directors for Independence using the definition of Independence provided in the CGC Principles and Recommendations for the 2019 Financial Year. When assessing Independence, the Board considered the effect of length of tenure.</p> <p>In relation to the definition of “Independence” in the CGC Principles and Recommendations, the Board considered that a material professional adviser or material consultant is one that derives more than 5% of their revenue from Goodman. When considering whether a person was or is associated with a Substantial Securityholder, the Board’s definition applies the test of a person holding or having a relevant interest in 5% or more of Goodman’s securities but also had regard to other relationships that the Securityholder may have with Goodman.</p> <p>The Boards of GL and GFML consider Mr Ferrier, Mr Johns, Ms McGrath, Mr Pryke, Mr Sloman and Ms Winn to be Independent. Mr Goodman, Mr Peeters and Mr Rozic are Executive Directors of GL and GFML. The Board of GLHK considers Mr Ferrier and Mr Collins to be Independent. Mr Peeters is an Executive Director of GLHK. The Boards also considered Mr Harkness, Ms Keating and Mr Fan to be Independent up until their retirement at the 2017 AGM. The table on pages 2-3 sets out the Directors and their status.</p> <p>The Independent Directors may elect to consider matters without the presence of executives where they believe this is appropriate or would be beneficial in reviewing the conduct of Goodman’s affairs.</p>	2.3, 2.4
<p>Chairman</p> <p>Mr Ferrier was appointed as Acting Chairman of the Board of GL and GFML on 28 November 2008 and Chairman on 2 July 2009. He was appointed Chairman of the GLHK Board on its establishment in 2012.</p> <p>Mr Ferrier is an Independent Director with in excess of 40 years of experience in corporate recovery and turnaround practice.</p>	1.1, 2.5

Governance	Recommendation
<p>In his role as Chairman, Mr Ferrier is responsible for providing leadership so the Boards function effectively, working with the Group CEO to determine the strategic direction for Goodman, establishing high standards of corporate governance and oversight of strategic development. The role also includes formulation of Board meeting agendas and papers and management of Board meetings to facilitate the best performance of each participant. The Chairman acts as a representative of, and spokesperson for, the Boards.</p>	
<p>Group Chief Executive Officer</p> <p>The Group CEO is Mr Goodman. The terms, conditions and responsibilities of his role are established in an agreement with Goodman. His role as Group CEO is to support and encourage his management team to deliver the strategy developed by the Boards and management. His role involves an intimate knowledge of all aspects of the business and communication of the strategy and operational results to the Boards, management team and other stakeholders.</p>	1.1, 2.5
<p>Directors' resources</p> <p>Goodman has a formal policy allowing Directors to take independent professional advice at Goodman's expense should they believe it necessary for the performance of their duties.</p> <p>The Company Secretary and senior executives are always available to the Directors to provide them with information or clarification as required. These senior executives also present information at Board meetings in order to provide the Directors with unfettered access to all relevant information and the ability to candidly question senior management in relation to any matter they deem necessary.</p> <p>Directors are provided with tours of Goodman's properties, both within Australia and overseas. Directors and senior executives may also participate in further education relevant to their roles. Goodman reimburses the costs of further education relevant to a Director's or executive's role.</p>	2.6
<p>Company Secretary</p> <p>The Company Secretary of GL and GFML is Mr Carl Bicego. The Company Secretary is accountable to the Boards on all matters to do with the proper functioning of the Boards. The Company Secretary is also responsible for advising Directors on corporate governance matters, liaising with regulators, supervising market disclosures, maintaining Goodman's corporate registers and apprising the Board on legal and governance issues. His biographical details appear on page 68 in the Directors' Report included in the 2018 Goodman Group Annual Report which is published on Goodman's website.</p> <p>The Company Secretary of GLHK is Goodman Secretarial Asia Limited, which is staffed by governance professionals and supported by Mr David Hinchey, General Counsel, Greater China and Mr Bicego, Group Head of Legal and Company Secretary. Goodman Secretarial Asia Limited is accountable to the GLHK Board.</p>	1.4

Board composition/diversity/induction/nomination

The Directors bring a wide range of skills and experience to their respective roles and are committed to achieving a high standard of corporate governance. The diversity of each Director's background strengthens the Boards and enables them to bring critical judgement and independent assessment to the oversight of Goodman's business. The Boards are responsible for all aspects of the management of Goodman and have the ultimate responsibility for its corporate governance practices.

The Boards actively consider the appropriate size, composition and experience of the Boards to respond to changing circumstances in its membership, the business and its strategy, and the markets in which Goodman operates. The Boards seek to have the broad base of skills and experience necessary to set the strategic direction of Goodman, oversee management's implementation of strategy and enhance corporate performance.

Mr Harkness, Ms Keating and Mr Fan retired from the Boards of Goodman at the 2017 Annual General Meeting ('AGM'). On 1 February 2018, Ms Winn was appointed to the Boards of GL and GFML and Mr Collins and Mr Peeters were appointed to the Board of GLHK to address board renewal. Mr Sloman has confirmed that he will not be standing for re-election at the 2018 AGM.

Having regard to the importance of decisions for the Boards' composition and leadership over the coming years, the delegation to the Remuneration and Nomination Committee in relation to director nomination has been returned to the Boards for this period.

The Boards have approved a Board Skills Matrix prepared in line with Recommendation 2.2 which includes such skills as strategic planning, international business, real estate, funds and investment capital, and financial skills as well as other characteristics and attributes but does not consider it appropriate, having regard to the confidentiality of Board considerations and strategic matters, to publish it in detail.

Please refer to pages 67 to 68 in the Directors' Report included in the 2018 Goodman Group Annual Report which is published on Goodman's website for the skills and experience of each Director.

2.2

Remuneration and Nomination Committee

The Boards have established the Remuneration and Nomination Committee to consider remuneration and nomination issues more effectively and fully and to provide recommendations to the Board for approval.

The Committee is comprised solely of Independent Directors and is chaired by Mr Phillip Pryke.

The table below sets out the composition and the Committee members' attendance at meetings.

Director	Status	Meeting ¹
Mr Phillip Pryke – Chairman	Independent	3/3
Mr Ian Ferrier	Independent	3/3
Ms Rebecca McGrath	Independent	3/3
Mr Jim Sloman	Independent	3/3
Ms Anne Keating (retired) ²	Independent	1/1

2.1

Board review and composition

Recommendation

1. Attended / Held during the 2018 financial year.
2. Ms Anne Keating resigned on 16 November 2017.

The Remuneration and Nomination Committee operates under a formal Charter, a copy of which is published on Goodman's website.

The purpose of the Committee is to:

- + identify and recommend individuals to the Boards for nomination as members of the Boards and Committees (though currently this function has been returned to the Boards as noted above);
- + assist the Boards in the assessment of the effectiveness and performance of the Boards and their members;
- + develop and recommend to the Boards relevant corporate governance principles in relation to remuneration and nomination;
- + review Board and Committee structures to facilitate the Boards performing their functions;
- + review and monitor the implementation of Goodman's Diversity Policy and goals;
- + review and make recommendations to the Boards in respect of the administration of Goodman's remuneration programmes (including the engagement of any remuneration advisers);
- + review succession plans and talent management practices to ascertain they are in place across the Group;
- + review and make recommendations to the Boards in respect of the approval and remuneration of senior executives and Non-Executive Directors;
- + prepare the remuneration report for approval by the Boards; and
- + report regularly to the Boards on each of the above matters.

The Committee is responsible for engaging remuneration consultants for the provision of remuneration recommendations for key management personnel.

Appointment of new Directors and re-election

As discussed above, the Boards regularly assesses their composition, desired skills and competencies and successions issues. When appointment of a new Director is considered desirable, the Boards or Remuneration and Nomination Committee may engage consultants to assist in the process of identifying candidates. Appropriate checks are carried out by Goodman and consultants before appointment and oversight of this process is generally a responsibility of the Remuneration and Nomination Committee.

Goodman uses formal letters of appointment so Directors clearly understand the expectations of them. Each letter outlines the terms of the Director's appointment and includes matters such as their powers and duties, attendance at meetings, remuneration, appointment on Committees, induction and continuing education, and disclosure of interests.

All new Directors undertake an induction process which includes a review of the Strategy and Budget, meeting key executives and the provision of information regarding the operations and governance of Goodman. The Director Induction Programme is tailored for new appointments having regard to their backgrounds, skills and experience, and is disclosed on the Goodman website.

1.2,1.3, 2.6

Board review and composition	Recommendation
<p>New Directors appointed to the Boards of GL and GLHK are required to seek election at the first AGM of Securityholders following their appointment. All Directors of the GL Board and the GLHK Board other than the Group CEO are also subject to re-election by rotation at least every three years.</p> <p>The Notice of Meeting includes information relevant to Securityholders to vote on a Director's election or re-election as well as a recommendation from the other Directors having regard to their assessment of desired Board composition (as discussed above) and performance reviews (see below).</p>	
<p>Performance review</p> <p>The Boards review their performance and that of their Committees approximately every two years. The Boards consider this is an appropriate timeframe having regard to the time taken in the review process, the frequency of Board meetings and the level of change in the Boards over time. An assessment of the performance of the Boards, Committees and individual Directors was conducted in September 2017. The Chairman met with each Director individually to discuss Board participation and performance having regard to a range of matters including:</p> <ul style="list-style-type: none"> + the Boards' contribution to developing strategy and policy; + interaction between the Boards and management; + operation of the Boards including the conduct of Board and Committee meetings; + the Boards' processes to monitor business performance and compliance, control risk and evaluate management; and + the Boards' composition, structure and succession planning. <p>The performance of senior executives is reviewed annually by the Group CEO through a structured process of self-assessment and review against previously established goals and objectives. This process is co-ordinated by Goodman's Human Resources department and applied globally throughout Goodman. In accordance with this process, a performance review was conducted in relation to each executive's performance during the financial year.</p> <p>The performance of the Group CEO and senior executives (including the other executive directors, nominated key management personnel and Country heads) is reviewed and overseen by the Remuneration and Nomination Committee.</p>	1.6, 1.7, 8.2

Integrity of Financial Reporting	Recommendation
<p>Audit Committee</p> <p>The Board has established an Audit Committee, which meets at least four times a year, to assist in fulfilling the Board's legal and regulatory requirements in relation to Goodman's financial statements.</p> <p>The Audit Committee is comprised solely of Independent Directors and is chaired by Mr Johns (Chairman). Mr Johns was appointed as the Chairman of the Audit Committee following the retirement of Mr Harkness at the 2017 AGM. Mr Johns was formerly Finance Director of Westfield and holds a Bachelor of Economics Degree and is a Fellow of the Institute of Chartered Accountants.</p>	4.1

Integrity of Financial Reporting

Recommendation

Mr Ferrier is also a Chartered Accountant with significant financial expertise and, during the course of his tenure on the Boards, has previously been the Chairman of the Audit Committee.

The other members bring extensive business experience to the Committee. Further information about the Committee members' qualifications and experience is set out on pages 67 to 68 in the Directors' Report included in the 2018 Goodman Group Annual Report which is published on Goodman's website.

The table below sets out the composition and the Committee members' attendance at meetings.

Director	Status	Meeting ¹
Mr Stephen Johns – Chairman	Independent	4/4
Mr Ian Ferrier	Independent	4/4
Mr Phillip Pryke	Independent	4/4
Ms Penny Winn	Independent	2/2
Mr John Harkness – Chairman (retired) ²	Independent	1/1
Mr Philip Fan (retired) ²	Independent	1/1

1. Attended / Held during the 2018 financial year.

2. Mr Harkness and Mr Fan resigned on 16 November 2017

The Audit Committee operates under a formal Charter, a copy of which is published on Goodman's website. The Committee's responsibilities include oversight of the following:

- + financial reporting principles and policies, controls and procedures;
- + integrity of Goodman's financial statements, independent external audit and the Group's compliance with legal and regulatory requirements relating to financial statements;
- + procedures for selecting, appointing, and if necessary, removing Goodman's external auditor; and
- + financial risk management policy, the Group's capital strategy, tax compliance and tax risk management policy.

The Committee has the power delegated by the Board to undertake all things necessary to perform its duties and fulfil its purpose including:

- + approving principles, policies, strategies, processes and control frameworks for the management of audit matters;
- + approving policies and strategies in relation to financial risk management, financing, tax compliance and tax risk management; and
- + sub-delegating its powers and discretions to senior executives with or without the power to delegate further.

The Committee has access to the senior executives, internal audit and the external auditor. In particular:

- + senior members of management are invited to attend Committee meetings and to present to the Committee on key issues;
- + Committee members regularly meet with management, independently of Committee meetings, to further discuss issues relevant to the work of the Committee; and

Integrity of Financial Reporting	Recommendation
<p>+ the Committee meets with the external auditor, without management being present.</p> <p>The Committee reports to the Boards on the outcome of its reviews, discussions with the external auditor and its findings on matters which have or are likely to have a material impact on the operating results or financial position of Goodman.</p>	
<p>Executive confirmations</p> <p>In addition to the work of the Audit Committee, the Group Chief Executive Officer ('CEO') and the Group Chief Financial Officer ('CFO') provide confirmation to the Boards in writing that GL, GIT and GLHK's financial statements for a financial period comply with the relevant accounting standards and give a true and fair view of the financial position and performance of each entity.</p> <p>The Group CEO and the Group CFO also provide written confirmation that, to the best of their knowledge and belief:</p> <ul style="list-style-type: none"> + the statement given to the Board on the integrity of Goodman's financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Boards; and + Goodman's risk management and internal compliance and control systems are operating efficiently and effectively in all material aspects. <p>These statements are based on a Group-wide and broad ranging series of half and full year confirmations from senior executives and department heads in relation to the financial integrity, risk management and internal compliance and control system within each department.</p>	4.2
<p>Auditors</p> <p>Goodman has engaged KPMG to act as its external auditor. As part of the terms of engagement, KPMG is required to review the half year financial report and audit the annual financial report and remuneration report prior to approval by the Boards, discuss its findings with the Audit Committee including the adequacy of financial and accounting controls, attend the AGMs of each entity and be available to answer questions from Securityholders about the conduct of the audit and the preparation and content of the independent audit report.</p> <p>Each reporting period, the external auditor provides an independence declaration in relation to the review or audit. The Audit Committee reviews adherence by the Auditor to the Corporations Act requirement of audit partner rotation. The Audit Committee is also responsible for assessing whether non-audit services provided by the external auditor are consistent with the external auditor's independence and compatible with the general standard of independence of auditors required by the <i>Corporations Act 2001</i> (Cth).</p>	4.3
Managing Risk and Compliance	Recommendation
<p>Risk and Compliance Committee</p> <p>The Board has established a Risk and Compliance Committee to provide oversight and direction to Goodman's system of risk and compliance management.</p> <p>The Committee is comprised solely of Independent Directors and is chaired by Ms Rebecca McGrath. The other members are Mr Johns, Mr Sloman and Ms Winn.</p>	7.1

The table below sets out the composition and the Committee members' attendance at meetings.

Director	Status	Meeting ¹
Ms Rebecca McGrath – Chairman	Independent	4/4
Mr Jim Sloman	Independent	4/4
Mr Stephen Johns ²	Independent	2/2
Ms Penny Winn ²	Independent	2/2
Ms Anne Keating (retired) ³	Independent	2/2
Mr John Harkness (retired) ³	Independent	2/2
Mr Philip Fan (retired) ³	Independent	2/2

1. Attended / Held during the 2018 financial year.

2. Mr Johns became a member of the Risk and Compliance Committee on 16 November 2017 and Ms Winn on 1 February 2018.

3. Ms Keating and Mr Harkness retired from the Risk and Compliance Committee on 16 November 2017.

The Committee operates under a formal Charter, a copy of which is published on Goodman's website. The Committee reports to the Board regarding the effectiveness of its risk management and compliance framework in relation to:

- + Operational risk management including internal risk management systems, internal audit and insurance requirements;
- + Development and asset risk management including development, sustainability and safety; and
- + Compliance including internal compliance systems and external compliance audit functions (including the obligations of GFML as the responsible entity of GIT, a registered managed investment scheme).

The Committee also oversees the work of several internal management committees which have risk responsibilities. These committees facilitate the sharing of information and that there is a consistent approach to risk management and compliance applied across Goodman.

Consistent with Goodman's approach of transparent reporting to the Boards, members of the Committee have unfettered access to management to discuss risk and compliance matters. Senior members of management are invited to attend Committee meetings and present on key issues. External experts and third party service providers are also invited to attend Committee meetings to provide the Committee with further information and understanding of the way in which Goodman manages its risk and compliance obligations.

Risk management framework

The Board has required that management design and implement a risk management and internal control system to manage Goodman's material business risks under the oversight of the Risk and Compliance Committee.

Goodman's risk management system has been developed in accordance with international and Australian/New Zealand standards on risk management and has been underpinned by a Risk Management Policy and Risk Appetite Statement that sets out the oversight and management of risk for Goodman.

The Chief Risk Officer and the Group Head of Risk are responsible for the implementation of the Risk Management Policy globally. The Risk function reviews

7.2

Managing Risk and Compliance	Recommendation
<p>critical business units and profiles their key risks on an annual basis. Action plans for mitigating key risks are reported to the Risk and Compliance Committee at each meeting.</p> <p>Management has reported to the Boards, through the Risk and Compliance Committee that Goodman manages its risks effectively. The Committee regularly reviews and assesses the soundness of the Risk Management Framework, and this was most recently completed in April 2018.</p> <p>The Committee will again review the framework during the 2019 financial year and continue to do so on an annual basis in accordance with its Charter.</p>	
<p>Compliance framework</p> <p>The Risk and Compliance Committee has oversight of Goodman's compliance framework which clearly details how Goodman manages its regulatory obligations. Goodman is committed to complying with its legal and regulatory obligations for the operation of Goodman's business.</p> <p>The compliance framework provides a consistent approach to integrating business objectives and strategy to compliance obligations and reporting. The compliance framework has been developed in accordance with relevant industry standards and is underpinned by a Compliance Programme which details responsibilities, monitoring and reporting.</p> <p>The Risk and Compliance Committee is responsible for the oversight of internal compliance systems and policies including in relation to the conduct of Goodman employees (see 'People and Conduct' below). It is also responsible for external regulatory compliance including oversight of GFML's compliance with the Compliance Plans for each registered managed investment scheme of which GFML is the responsible entity.</p> <p>The Group Head of Legal & Company Secretary and the Compliance Manager are responsible for reviewing and monitoring the effectiveness of the compliance systems on an ongoing basis and for reporting on the results of these activities to the Risk and Compliance Committee.</p>	N/A
<p>Internal Audit</p> <p>The internal audit programme is closely aligned to the risk management framework and involves a rolling programme of reviews and control testing of Goodman's business processes. The internal audit function is wholly independent of the external audit function.</p> <p>The findings of internal audit are reported to the Risk and Compliance Committee and, where relevant, the Audit Committee. The findings and any recommendations arising from the internal audits are acted on by management under the supervision of the Committee.</p>	7.3
<p>Sustainability</p> <p>The Boards believe that the Goodman business strategy and integrated 'own+develop+manage' customer service model are both relevant for the operating environment and support the Group's vision of sustainability for the future.</p> <p>The Boards, through the Risk and Compliance Committee and other Committees as appropriate, seek to manage and respond to Goodman's operating environment taking into account economic, environmental and social sustainability risks and opportunities.</p>	7.4

Managing Risk and Compliance	Recommendation
<p>Goodman has implemented and operates under a global Sustainability Policy a copy of which is published on Goodman's website. Goodman's Sustainability Policy is targeted at the Group's primary operating activities and aims to continually improve the Group's economic, environmental and social sustainability performance.</p> <p>Information concerning the Group's economic strategy, performance risks and outlook is included at pages 35 to 43 in its 'Operating and Financial Review' included in the Directors' Report.</p> <p>Information concerning the Group's Corporate responsibility and sustainability framework is contained in the 2018 Goodman Group Annual Report which is published on Goodman's website.</p>	
<p>Insurance</p> <p>Insurance forms part of the Group's risk management framework by way of transferring the financial impact of specified losses and or potential liability to insurers.</p> <p>The Risk and Compliance Committee is responsible for approving the Group's overall insurance programme and annually reviews the Group's key policies including; directors & officers, professional indemnity, investment management and other specific industry and business related insurances.</p>	7.4

Remuneration	Recommendation
<p>Remuneration and Nomination Committee</p> <p>The Board established the Remuneration and Nomination Committee, and in addition to its other responsibilities, it has developed policies dealing with fixed remuneration, Short Term Incentives ('STI') and Long Term Incentives ('LTI').</p> <p>The Committee meets as required to consider and recommend to the Board, the remuneration policy and the specific remuneration arrangements for Non-Executive Directors, the Group Chief Executive Officer, other key management personnel and senior executives. In addition, the Committee considers and is responsible for the oversight of remuneration aspects which have a bearing upon all employees across the Group, including STI, LTI, superannuation/pension entitlements and termination payments. The Committee is also responsible for certain other related human resources policies and oversees succession planning for key operational roles.</p> <p>The Committee has adequate resources and the appropriate authority to discharge its duties and responsibilities and directly engages with external consultants, proxy advisers and major investors. During the current financial year, the Chairman of the Boards, the Chairman of the Committee and the Group Head of Stakeholder Relations engaged directly with proxy advisers and major investors to understand their viewpoint on issues relating to remuneration. The Committee considers that this is an important aspect of its work and the Committee has evaluated the issues raised in a systematic manner.</p> <p>Further information about the Committee including its composition and Members' attendance at meetings is set out on page 6-7 of this Statement.</p>	8.1

Remuneration	Recommendation
<p>Directors' remuneration</p> <p>Goodman follows the principles of remuneration for Non-Executive Directors that are set out in the CGC Principles and Recommendations. Non-Executive Directors receive fixed fees from within the fee pool approved by securityholders at the 2006 Annual General Meeting. Non-Executive Directors do not receive incentive or at risk cash or equity based remuneration while retirement benefits are limited to superannuation.</p> <p>The Board has adopted a policy that requires Non-Executive Directors to accumulate and hold Goodman securities with a value equivalent to twice their annual base fees. Where this is not already satisfied, Directors apply 25% of their post-tax base fees to the acquisition of Goodman securities until that value of securities is held. However, an allowance is made for recently appointed directors to fully comply with this policy. For the purpose of this policy, the value of each parcel acquired is the higher of the purchase price or market value at the end of the financial year.</p> <p>The fees of each Non-Executive Director are disclosed on page 59 in the Directors' Report included in the 2018 Goodman Group Annual Report which is published on Goodman's website.</p>	8.2
<p>Executive remuneration</p> <p>Goodman follows the principles of remuneration that are set out in the CGC Principles and Recommendations. These include a policy of rewarding employees with a mixture of fixed and short-term and long-term, performance-linked remuneration. The long-term performance-linked remuneration is tested against a cumulative operating earnings per security target and relative Total Securityholder Returns and is equity based.</p> <p>In relation to equity based remuneration, under the Securities Trading Policy, Directors and employees are not allowed to enter into derivative contracts that hedge their exposure to movements in the price of Goodman securities that have not vested. This is in addition to similar restrictions that apply under the Corporations Act to key management personnel.</p> <p>Executives appointed to Goodman enter into contracts of employment setting out the terms of their employment including the obligation to comply with the Group's policies.</p> <p>Further information in relation to the remuneration policies and executive employment terms is set out in the Remuneration Report on pages 44 to 65 in the Directors' Report.</p> <p>The salary and/or fees of each Executive Director and other key management personnel are disclosed on page 59 in the Directors' Report included in the 2018 Goodman Group Annual Report which is published on Goodman's website.</p>	1.3, 8.2, 8.3
Engagement with stakeholders	Recommendation
<p>Timely and balanced disclosure</p> <p>Goodman is committed to providing timely, balanced and readily available disclosure of material information to Securityholders, the investment community generally, other stakeholders and regulators. It believes that ethical and</p>	5.1

Engagement with stakeholders	Recommendation
<p>responsible decision-making is critical to the success of its business. The transparency of these processes promotes market and Securityholder confidence in its integrity and sustainability.</p> <p>Goodman's Market Disclosure policy outlines the procedures followed internally to facilitate compliance with continuous disclosure laws, periodic reporting obligations and timely and full disclosure of material through ASX. Goodman's senior executives, including the Group Head of Stakeholder Relations and the Group Head of Legal & Company Secretary, regularly meet to consider operational matters and regulatory compliance including the consideration of identified potential transactions that may require disclosure. In particular, this includes significant corporate, property or financing transactions by the Group or its managed partnerships.</p> <p>The Group Head of Stakeholder Relations and the Head of Legal & Company Secretary review all filings prior to lodgement with ASX and are responsible for ensuring timely lodgement of all documentation. The Group Head of Legal & Company Secretary also has responsibility for all communications with ASX.</p> <p>Following receipt of confirmation of lodgement and the release of announcements by ASX, relevant information is then published on Goodman's website at www.goodman.com.</p> <p>The Board's policy is to review and approve announcements on key transactions as well as periodic or other mandatory disclosures of announcements concerning:</p> <ul style="list-style-type: none"> + Half Year and Full Year financial statements and results; + Annual Reports; + Investor or market updates (especially when including new market sensitive information); + Extraordinary or Annual General Meetings; + disclosure documents concerning the issue of securities; + transactions that will require Securityholder approval (such as related party transactions, and matters requiring Board recommendations); and + corporate transactions such as takeovers or schemes. <p>All announcements are reported to the Boards and a record is made of where the announcement has been reviewed by the Boards.</p> <p>The Market Disclosure policy also sets out when trading halts are to be used, how to respond to market speculation and guidelines regarding how communications are to be made through differing forms of media.</p> <p>Information on continuous disclosure is made available to all employees on commencement of employment. Goodman's Market Disclosure Policy is available on its website at www.goodman.com.</p>	
<p>Communication with Securityholders</p> <p>Goodman has implemented a number of processes in order to facilitate the effective and efficient exercise by Securityholders of their rights.</p> <p>Goodman communicates information to Securityholders through a range of media, including periodic reports, quarterly updates and investor newsletters, media interviews, market briefings and roadshows, meetings with research analysts and institutional fund managers, industry forums, web based communications including social media, general communications and ASX announcements. Goodman's</p>	6.1, 6.2, 6.3, 6.4

Engagement with stakeholders	Recommendation
<p>policy and procedures in relation to investor communications are incorporated into its Market Disclosure Policy.</p> <p>Goodman's website at https://www.goodman.com/who-we-are/corporate-governance and Goodman's Investor Centre both include extensive information about Goodman's corporate governance including information about the Boards, executives, constituent documents, policies and charters.</p> <p>To broaden the visibility of Goodman's communications and to increase the range of content available to Securityholders, Goodman has adopted the use of social media through Twitter at www.twitter.com/Goodman_Group and LinkedIn https://www.linkedin.com/company/11166/.</p> <p>Securityholders can raise questions by contacting Goodman by telephone, facsimile, email or post. Contact details are provided on the website, Annual Report and other communications. Securityholders are also able to receive communications from, and send communications to, Goodman and its registry electronically.</p> <p>Annually, Goodman holds an Investor Strategy day where Securityholders have the opportunity to hear market update presentations on all regional Goodman operations and ask questions of Goodman senior executives. The presentations are released to ASX for Securityholders who are unable to attend.</p> <p>Securityholders are invited to attend the AGM either in person or by proxy. The Board regards the meetings as an important forum in which to discuss issues relevant to Goodman. The Board encourages full participation of Securityholders at these meetings so there is a high level of accountability and identification with Goodman's strategy and objectives. Securityholders are invited to submit questions to the external auditor for discussion at the AGM.</p> <p>The meeting is webcast to further inform Securityholders who are unable to attend and the address and presentations of the Chairman and Group CEO are immediately announced to ASX. Voting results (including a summary of proxy voting) on matters considered at the meeting are released to ASX as soon as they are determined.</p>	
<p>Complaints handling</p> <p>Goodman has both internal and external complaints handling procedures. Complaints in relation to ethical concerns can be raised anonymously via Goodman's website. Investor Relations responds to Securityholder enquiries and complaints and provides a thorough and transparent communications service to Securityholders. GFML is also a member of the Australia Financial Complaints Authority ('AFCA'), an external industry complaints handling service.</p>	6.2
People and conduct	
<p>Overview</p> <p>Goodman stipulates the standards of ethical behaviour expected of Directors and employees in its Code of Conduct and requires the observance of those standards. The Code of Conduct and accompanying core policies on conflicts of interest, market disclosure, dealing with public officials, ethical concerns, related party dealings, securities trading and sustainability are available on Goodman's website at www.goodman.com.</p>	3.1

People and conduct

The standards required under the Group Code of Conduct have been reinforced through an active campaign to all employees including a re-launch of the Code of Conduct with a focus on non-discriminatory and professional behaviour.

Responsible and ethical decision making

In addition to the laws and responsibilities which apply specifically to Directors, the Boards have endorsed a Code of Conduct which is an extension of Goodman's values and applies to Directors and employees of Goodman, a copy of which is published on Goodman's website.

The aim of the Code of Conduct is to establish a high standard of conduct and to communicate this to the Directors and employees. Expectations regarding fairness, honesty and the treatment of confidential information are made explicit and employees are reviewed against these expectations through the Group's performance management system.

The Code of Conduct contains a set of guiding principles that requires Directors and employees to, among other things:

- + act in a professional manner;
- + work as a team and respect others;
- + treat stakeholders fairly;
- + value honesty and integrity;
- + follow the law and Goodman's policies;
- + respect confidentiality and not misuse information;
- + manage conflicts of interest; and
- + strive to be a great team member.

The Code of Conduct also charges all employees with responsibility for reporting any breaches of the Code of Conduct including any unethical or corrupt conduct in accordance with the Ethical Concerns Policy.

The Code of Conduct is provided to Directors upon appointment and all employees upon commencement. The Code of Conduct is supported by a framework of policies that set out Goodman's approach to meeting its legal obligations and the expectations of stakeholders for responsible and ethical decision-making. Key policies forming part of the framework are set out below.

3.1

Securities trading

The Securities Trading Policy, a copy of which is published on Goodman's website is made available to Directors on their appointment and employees on their commencement. The policy prohibits Directors and employees from trading in Goodman securities when in possession of 'inside information' (being non-public price sensitive information). It also prohibits the communication of inside information to any other person who is likely to purchase or sell Goodman securities or who is likely to procure a third party to purchase or sell those securities.

Under the Securities Trading Policy and the law, a Director or employee may only acquire or sell Goodman securities when he or she is not in possession of inside information. To avoid any adverse inference being drawn of unfair dealing, Directors and employees are not to deal in Goodman securities during the two week period before the end of a financial period through to the release of

3.1

People and conduct

Goodman's half year or full year results. A trading blackout is notified to Directors and employees during those times and may also be notified by the Company Secretary or Group CEO at other times when considered appropriate.

Directors or employees may apply, on the basis of hardship, for consent to trade from the Chairman or Group CEO notwithstanding that a trading blackout might otherwise apply. However, approval is not given during a trading blackout unless the Group CEO or Chairman is satisfied of the circumstances amounting to hardship and that the person is not in possession of inside information.

Directors and employees are not allowed to engage in short term trading of Goodman securities under the Securities Trading Policy nor are Directors or senior executives allowed to enter into derivative contracts that hedge their exposure to movements in the price of Goodman securities that have not vested.

The Securities Trading Policy applies to decisions to sell Goodman securities by a mortgagee, chargee or margin lender under a margin loan or other financing arrangements.

Any trade in breach of the Securities Trading Policy must be immediately disclosed to the Company Secretary for reporting to, and consideration by, the Boards.

Conflicts of interest

Goodman has a Conflicts of Interest Policy in accordance with its commitment to conducting its business ethically and with integrity. Directors, employees and consultants are required to comply with the Conflicts of Interest Policy. The purpose of this Policy is to outline the procedures in place to control and avoid conflicts of interest by identifying, assessing, managing and reporting on the types of conflicts of interest which Goodman anticipates will affect or arise from its business. The Policy covers the mechanisms to:

- + identify conflicts of interest;
- + manage conflicts of interest by assessing and evaluating actual or potential conflicts, and decide upon and implement an appropriate response to those matters; and
- + maintain written records that demonstrate how Goodman manages conflicts.

Related parties

Goodman has implemented a Related Party Policy which sets out the basic principles for dealing with transactions between Goodman and its managed partnerships. These principles are in addition to any legal requirements including under the *Corporations Act 2001* (Cth) and ASX Listing Rules.

Gifts and entertainment

Goodman has a Gifts and Entertainment Policy to provide guidance to employees about the acceptable use of gifts and entertainment in building and maintaining good business relationships with Goodman's customers, capital partners, suppliers, contractors, agents and any other external parties. The giving and receiving of business related gifts and entertainment needs to be both lawful and not unduly influence business decision making. The policy sets out what is considered reasonable in relation to gifts and entertainment and processes are in place to monitor and approve gifts and entertainment. The giving of gifts to Public Officials is subject to the Dealing with Public Officials Policy (see below).

3.1

3.1

3.1

People and conduct

Dealing with public officials

Goodman's Dealing with Public Officials Policy sets out its commitment to conducting its business in accordance with applicable laws and regulations and in a way which will maintain and enhance its reputation in the market.

One aspect of this commitment is that Goodman behaves in a professional, honest and responsible manner and avoids any conduct which may be considered to be corrupt or contrary to good corporate ethics. Goodman strictly prohibits any activity that seeks to bribe, corrupt or otherwise improperly influence a public official or third party in any country or to act (or omit to act) in a way that differs from that official's proper duties, obligations and standards of conduct.

The Dealing with Public Officials Policy outlines the general prohibitions against bribery and corruption of public officials (both in Australia and overseas), the procedures around dealing with public officials, and the detection and reporting of bribery and corruption.

3.1

Political donations policy

Goodman has a Political Donations Policy to demonstrate its commitment to conducting its business with integrity. Under the policy, Goodman prohibits the making of donations for the benefit of political parties, an elected member, a candidate or groups of candidates, or a person or entity who may use the donation to make a political donation. Goodman will also not contribute funds for membership or affiliation to political parties.

However, Goodman may pay for employees to attend a political meeting, event or fundraising function organised by political parties or political candidates on behalf of Goodman where it is lawful to do so, and there is a corporate benefit to Goodman. Employees must seek approval from the relevant officer.

3.1

Ethical concerns

Goodman is committed to conducting business in a culture of integrity, compliance and ethical behaviour. Goodman has a responsibility to its employees, Securityholders and customers to safeguard against any attempts of fraud, bribery and corruption. In light of this, and its belief in the importance of having a mechanism for the reporting of wrongdoing and protecting those who report wrongdoing, Goodman has an Ethical Concerns Policy. This Policy encourages employees, management, contractors and other third parties to report instances of improper behaviour

3.1

Safety

Goodman recognises its obligations under safety legislation and is committed to the implementation and proper management of appropriate risk management procedures to protect the safety of its employees, contractors, customers and visitors. Goodman's commitment to safety extends to all facets of its business with the overall responsibility for safety resting at the highest level of management and the Board. However, every employee is also required to comply with safety policies and perform all duties in a safe and responsible manner. Goodman has implemented a Safety management programme and an online Contractor induction system.

N/A

People and conduct

Modern slavery

Goodman is committed to responsible operations and supply chain management free from modern slavery and human trafficking. Goodman aims to comply with applicable laws and regulations in relation to responsible supply chain management to identify, manage and respond to human rights risks in their operations and supply chains.

Goodman will not knowingly engage in, or deal or partner with any suppliers who engage in slavery or human trafficking. Any supplier or contractor invited to submit a tender or provide services to Goodman are required to do so on the condition that they do not engage in slavery or human trafficking in their supply chains.

Goodman will review any suspicious activity within Goodman's operations and supply chains and any breach of modern slavery and human trafficking will be taken seriously including contract termination or referral to the authorities.

Goodman's approach to anti-slavery is aligned to several Goodman policies relating to conduct and ethical behaviour. Training is provided to employees involved in supply chain management and procurement and any concerns about slavery or human trafficking can be raised in accordance with the Ethical Concerns Policy.

Goodman's UK operations have published a statement in accordance with the *UK Modern Slavery Act 2015*. Goodman will also prepare a statement in accordance with the *NSW Modern Slavery Act 2018*.

3.1

Diversity

Diversity

Goodman's Diversity Policy, a copy of which is published on Goodman's website aims to provide a work environment that values diversity and inclusion in all locations around the world. This is consistent with two of Goodman's corporate values ('Goodman Values') which are Open+Fair and Team+Respect.

The Policy provides that Goodman will:

- + strive towards workplaces that are free of harassment and unlawful discrimination;
- + recruit, appoint and promote on the basis of merit;
- + provide equal access for all employees for personal development, management skills development and career path opportunities;
- + recognise cultural differences that exist around the world;
- + be aware of and accommodate the needs of individuals with family and carer responsibilities, through flexible and contemporary work practices;
- + be aware of customers' diversity and their expectations;
- + create an inclusive work environment, where ideas and opinions are shared for the overall benefit of the Group;
- + contribute to the community through a range of philanthropic channels;
- + create and implement programmes that aim to increase career advancement opportunities for female employees across the business globally; and

Diversity

- + support and achieve the above objectives by inclusion of these within key performance indicators for senior management and update the Boards on progress.

Policy implementation and initiatives

The Group's strategic objective is to facilitate the opportunity for career advancement for high potential female employees and that barriers to this are eliminated where possible. The Group has several initiatives in place to advance this objective and to assist employees in balancing the requirements of work and family. During FY18 a more comprehensive strategy was devised around Diversity and Inclusion that considered policy changes, recruitment practices, workplace behaviour standards, pay equity and further investment in graduate programmes.

The major areas for focus arising from this strategy were:

- + Training – through general and specific career coaching for groups and individuals to assist individuals to drive their own career development activities;
- + Mentoring – providing more targeted internal and external career advice and workplace mentoring and support for employees identified as high potential;
- + Policy enhancements – review of specific policy items that could assist female employees to return to work after a period of maternity leave and to better balance the requirements of work and family. Examples of policy enhancements made in FY18 include the continuation of employer superannuation contributions to Australia-based employees on parental leave, the removal of the requirement for employees to serve a minimum period of employment between the first and subsequent parental leave breaks and further refinement and communication of the Flexible Work policy in all locations;
- + Recruitment process changes to introduce the “blind CV” concept where practical to assist with removing any unconscious bias;
- + Pay Equity – a comprehensive review of remuneration outcomes for employees as at end FY17 was conducted to seek to ensure that differences in remuneration were not as a result of gender bias. Where differences in total remuneration (fixed plus variable) existed, they were due to differences in individual performance. The Group is confident that male and female employees, who perform identical roles will receive the same level of fixed remuneration within their geographic regions and incentive based remuneration that reflects their performance; and
- + More active support in initiatives that create better graduate pipelines for the Group.

In addition to the above, the Group's efforts in relation to the Project Greatman initiatives in particular the “People” module stress the critical importance of teamwork and inclusion. This message is reinforced through an active campaign to all employees along with re-launching of the Group's Code of Conduct which requires employees to behave in a non-discriminatory and professional manner at all times.

Gender diversity strategy objectives

The Group's strategy encourages employees to reach their potential and many of its initiatives are targeted at employees below the executive levels. In particular, it is the objective of the Group's gender diversity strategy to increase the

1.5

1.5

Diversity

representation of female employees at senior levels. This remains an ongoing and long-term objective given the long lead times that are required to develop future talent and position employees for more senior roles. The Group has a relatively stable management structure with minimal voluntary turnover which impacts the level of opportunity for advancement.

The Group measures gender diversity representation having regard to the organisational structure, proximity to the CEO in reporting, scope and content of roles.

In reporting on the representation of female employees at the Senior Executive level the Group also considers it appropriate to consider those female employees at the Executive level. This group is a pool from which Goodman's Senior Executives would be selected in the absence of external appointments and is also indicative of the progress that is being made to increase gender diversity at the Senior Executive level. For the purposes of the Group's Diversity Strategy the following definitions and targets are applied:

Level	Role Characteristics	Target
Senior Executive	Independent Roles with highest complexity, leading a function, business unit or region across multiple geographies. High discretion and autonomy. Will manage a team of individuals with specific and distinct objectives. High commercial impact.	25-35%
Executive	Sub-regional business role or functional specialist with high complexity, risk profile and/or commercial outcomes. May have team management responsibility.	35-45%

The Group's policy acknowledges that progress will depend on the general level of change at the Senior Executive and Executive levels, the Group's growth and opportunities, and the skills and suitability of individuals to fill those opportunities amongst other factors and that they remain long-term targets.

In respect of the Group's performance against the Targets, for the period 30 June 2017 to 30 June 2018 the representation of females within the Senior Executive category remained steady at the FY17 level of 20%.

With regard to the Executive category, the representation over the same period remained unchanged at 28%. The Executive category remains a focus on the basis that the category provides a future pool of candidates for senior management positions around the Group. Organisational structural changes occurred throughout the period, which resulted in increased job scope for several employees. Whilst the overall percentage of females within this category remained static, the Group considers that the increase in job scope and profile will position the affected females well for future Senior Executive roles.

In 2018, the Group further supported increasing the female representation by ensuring employees have access to a range of development opportunities which were more comprehensive and targeted than in previous years. As with previous years, focus remains on Leadership and Management programmes, along with specific technical learning (defined as the skills and knowledge required to perform a role effectively) across all levels from emerging leaders to senior executives. In respect of female executives this includes providing structured ongoing and robust capabilities-based training, along with coaching and mentoring. These programmes are designed, customised and delivered in house to meet our leadership needs as an organisation and so individuals are supported based on their specific development requirements. During 2018 the Group implemented a

Diversity

comprehensive Learning Management System ('LMS') along with a Succession Planning module. The LMS, branded as Aspire internally is principally designed to deliver targeted learning content to all employees. It is now the major delivery channel for employee learning within the Group globally and will continue to be refined over the coming years.

On an overall basis, the gender representation of Goodman employees as at 30 June 2018 remained relatively unchanged from 2016 at 55% male and 45% female.

With regards to gender diversity of the GL, GFML and GLHK Boards, as at the date of this statement two of the ten Directors (20%) are women.