



**APN** | Property Group

# CORPORATE GOVERNANCE STATEMENT

AUGUST 2020

## CORPORATE GOVERNANCE STATEMENT

### APN PROPERTY GROUP

#### OUR COMMITMENT AND COMPANY OVERVIEW

APN Property Group (**APN**) comprises the staple of APN Property Group Limited (**APN PG or Company**) and APD Trust (**the Trust**) and trades on the Australian Securities Exchange (**ASX**) under the code APD.

APN PG is comprised of several entities including APN RE Limited (**APN RE**) and APN Funds Management Limited (**APN FM**), both wholly owned subsidiaries. APN RE is the Responsible Entity of APD Trust. APN FM manages APN's listed and unlisted managed investment schemes and mandates (**APN Funds**) in its role as responsible entity, trustee and/or manager. In this Corporate Governance Statement, the Company and its subsidiaries together are referred to as the "**APN Group**".

The board of APN PG (**Board**) comprises five directors, one Non-Executive Director (the Chairman), three independent directors and the Managing Director/Chief Executive Officer, who collectively have a relevant interest in over 33% of the issued capital of the Company. The Board is responsible for the overall management of the Company and of the APN Group and is strongly focused on serving the interests of all stakeholders.

The board of APN RE comprises four Directors, one Non-Executive Director (the Chairman) and three Independent Directors, all of whom are also directors of APN PG.

The boards of APN PG and APN RE co-operate to ensure that the interests of the Trust are aligned and therefore have adopted the same corporate governance practices, wherever the context permits and unless otherwise stated.

The board of APN FM comprises four independent directors (including the Chairman), one of whom is also an APN PG director. Each director has a legal obligation to put the interests of investors in the funds for which APN FM is responsible entity and/or trustee, ahead of their own and those of APN FM's sole shareholder, APN PG.

The Board considers that the establishment of an independent board (APN FM) ensures that the responsibility for managing the interests of shareholders in APN is independent of managing the interests of the APN Funds and their respective investors. This separation also assists in enhancing the identification and management of conflicts of interest and related party transactions within the APN Group.

Through its directors, executives and staff, APN is committed to the highest standards of governance. The corporate governance framework incorporates the requirements of market regulators, adopted codes and charters, documented policies and procedures and guidance from industry best practice. These policies and practices remain under regular review as the corporate governance environment and good practices evolve.

APN conducts its business in accordance with these charters and codes, as well as other key policies which are published on its website. These include:

- Board Charter
- Audit and Risk Committee Charter
- Nomination and Remuneration Committee Charter
- Code of Conduct
- Communication and Continuous Disclosure Policy
- Conflicts of Interest and Related Party Transactions Policy
- Diversity Policy
- Privacy Policy
- Securities Trading Policy
- Whistleblower Policy
- Anti-Bribery and Corruption Policy
- Sustainability and Responsible Investment Policy

APN's full corporate governance statement can be downloaded from its website at <https://apngroup.com.au/about-us/governance/>. This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the recommendations set by the ASX Corporate Governance Council (Corporate Governance Principles and Recommendations 4th Edition), unless otherwise stated.

This statement was adopted by the Board of APN PG and the Board of APN RE on 19 August 2020.

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#### **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

##### **Roles and responsibilities of the Board and Management**

The Board is responsible for the overall management and governance of the Company and of the APN Group including the determination of the APN Group's strategic direction. The Board is governed by the Company's Constitution, the Corporations Act 2001 (Cth), the ASX Listing Rules and all applicable laws.

The Board has expressly reserved its powers in relation to certain matters and has delegated its powers in relation to other matters to management. The Board has delegated the day-to-day management of the APN Group to the Managing Director/Chief Executive Officer, and Senior Executives, who are required to work within authority limits and delegations set out in the Delegated Authority Policy (an internal policy approved by the Board) or otherwise by way of decisions and determinations of the Board. These delegations are reviewed on a regular basis.

The Board has adopted a Charter that details the functions and responsibilities of the Board. The Board Charter is available at <https://apngroup.com.au/about-us/governance/>

Non-Executive and Independent Directors are entitled to take independent advice at the cost of the Company in relation to their role as members of the Board.

The Company Secretary is accountable directly to the Board, through the Chair, for all governance matters to do with the proper functioning of the Board. All Directors have direct access to the Company Secretary for all governance matters.

##### **Appointment, Election and Re-election**

A Director is appointed by a written letter that contains the terms on which the Director is to be appointed, including but not limited to remuneration, time commitment envisaged, compliance with APN Group policies such as the Code of Conduct and Securities Trading Policy and the basis upon which they will be indemnified by the Company. Prior to appointment, the Company undertakes appropriate checks in relation to the candidate's experience, education, character, criminal record and bankruptcy history. Written consent to act is received by each Director.

The Managing Director/Chief Executive Officer and Senior Executives are appointed under a written agreement which sets out the terms of their appointment including their position, duties and responsibilities, remuneration and entitlements, circumstances in which their service may be terminated and where applicable, the basis upon which they will be indemnified by the Company. The Managing Director/Chief Executive Officer and Senior Executives are also subject to appropriate checks prior to being appointed.

When presenting a Director for election or re-election, the Company provides shareholders with all material information in its possession relevant to a decision on whether to elect or re-elect a Director, including but not limited to, biographical details, any listed entity directorships held within the last 3 years, whether the Board considers the candidate as independent and whether the Board supports the election or re-election.

##### **Diversity and Inclusion**

The APN Group has adopted a Diversity Policy. The APN Group recognises the benefits to be gained from a diverse and inclusive workforce where the differing skills, perspectives and experiences of individuals from different backgrounds can lead to more innovative and efficient business practices. The APN Group is committed to facilitating an environment in which the principles of diversity and inclusion are embedded in the culture and systems of the organisation and where every individual has the opportunity to excel.

The measurable objectives adopted by the Board for the Reporting Period and the respective outcomes are detailed on the following page.

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#### Diversity Objectives and Outcomes

| <b>FY20 Diversity Objectives</b>   | <b>FY20 Outcomes*</b>   |
|--|---|
| <b>Board</b>   |   |
| The composition of the board, having regard to the skills/competencies required and openings, comprises at least one male and one female.  | 20% of the APN PG Board is female and 25% of the APN RE Board is female. One new female Board member appointed in the period.   |
| The selection process for Board appointments, having regard for the need to maintain an appropriate mix of skills, experience, expertise and diversity will consider at least one female candidate wherever reasonably possible.             | There was one new Board appointment in the Reporting Period. More than one female candidate was considered for the appointment.   |
| <b>Senior Management**</b>   |   |
| The composition of Senior Management, having regard to gender diversity comprises at least one male and one female.  | 29% of Senior Management are female.  |
| The selection process for Senior Management appointments, having regard for the need to maintain an appropriate mix of skills, experience, expertise and diversity will consider at least one female candidate wherever reasonably possible. | There was one Senior Management appointment (CFO) in the Reporting Period. This was an internal appointment and promotion.  |
| <b>APN Group Workplace</b>   |   |
| The composition of the workplace, having regard to gender diversity is 30% for each gender.  | The composition of the workplace is 51% female and 49% male.  |
| The process for recruitment of new employees, having regard for the skills and expertise required for the role, will consider at least one female candidate wherever reasonably possible;  | There were 21 new appointments made during the Reporting period of which 9 (43%) were female. The majority of new appointments considered at least one female candidate (in 3 appointments no suitable female candidate was presented). |
| Flexible work arrangements to balance family and other commitments with the role will continue to be considered for all employees, where the requirements of the role permit;  | Flexible work arrangements have been agreed with a number of employees to address family balance, maternity needs, health and wellbeing.  |
| The Diversity Policy is accessible to all employees at all times.  | The policy is available on APN's website and intranet and as such is available to all staff at all times.   |
| All employees responsible for employment and promotion of employees will be reminded of the Diversity Policy and these objectives at least annually.   | Employees responsible for employment and promotion were reminded of the Diversity Policy and these objectives during the Reporting Period.  |
| Mentoring support to be available to all employees.  | Mentoring support was available to all employees during the Reporting Period.   |

\*FY20 Outcomes are as at 30 June 2020.

\*\*Senior Management is characterised in terms of reporting hierarchy to the CEO and is defined as a manager having a direct reporting line to the CEO (i.e. CEO-1). It also includes the CEO role itself.

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As at the end of the Reporting Period the proportion of gender diversity of the APN Group was:

|                                       | Men | Women | Movement from FY19 |
|---------------------------------------|-----|-------|--------------------|
| Board of APN Property Group Limited   | 80% | 20%   | ↑ (from 0%)        |
| Board of APN RE Limited               | 75% | 25%   | ↑ (from 0%)        |
| Board of APN Funds Management Limited | 75% | 25%   | No change          |
| Senior Management* of the APN Group   | 71% | 29%   | ↑ (from 25%)       |
| All employees of APN Property Group   | 49% | 51%   | ↑ (from 45%)       |

\*Senior Management is characterised in terms of reporting hierarchy to the CEO and is defined as a manager having a direct reporting line to the CEO (i.e. CEO-1). It also includes the CEO role itself.

### Review of Board and Senior Executives Performance

The performance and effectiveness of the Board is reviewed regularly by the Board, with the assistance of the Remuneration and Nomination Committee. Each Director completes a Board Effectiveness questionnaire to evaluate the Chairman, the Board as a whole, the Boards processes and governance framework and the Committees effectiveness in supporting the Board. Based on the feedback from the questionnaire, the Board discusses the findings and analyses the Board and Committees performance, including suggestions for changes or improvements. The Boards performance and effectiveness was reviewed during the reporting period.

The performance of Senior Executives is reviewed annually by APN PG against their position descriptions and key performance indicators. The performance of the Managing Director/Chief Executive Officer and all Senior Executives was reviewed in respect of the Reporting Period.

## PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

### Nomination and Remuneration Committee

The Board and Responsible Entity has established a Nomination and Remuneration Committee. The composition of the Nomination and Remuneration Committee during the Reporting Period was:

| Name                         | Position   |
|------------------------------|--|
| Clive Appleton               | Independent Director and Chairman of Nomination and Remuneration Committee                 |
| Tony Young <sup>1</sup>      | Independent Director and Nomination and Remuneration Committee Member until 30 August 2019 |
| Howard Brenchley             | Independent Director and Nomination and Remuneration Committee Member                      |
| Chris Aylward <sup>2</sup>   | Non-Executive Chairman and Nomination and Remuneration Committee Member until 3 March 2020 |
| Danielle Carter <sup>3</sup> | Independent Director and Nomination and Remuneration Committee Member from 3 March 2020    |

<sup>1</sup>Anthony (Tony) Young ceased as a member of Nomination and Remuneration Committee effective 30 August 2019

<sup>2</sup>Chris Aylward ceased as a member of Nomination and Remuneration Committee effective 3 March 2020

<sup>3</sup>Danielle Carter appointed as a member of Nomination and Remuneration Committee effective 3 March 2020

The Board has adopted a Charter that details the functions and responsibilities of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee Charter, is available at <https://apngroup.com.au/about-us/governance/>

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All matters determined by the Nomination and Remuneration Committee are put to the Board as a whole, as recommendations for the Board's decision. Minutes of the Nomination and Remuneration Committee meeting are tabled at a subsequent Board meeting. Attendance records at Nomination and Remuneration Committee meetings are provided in the Director's Report of the Company's Annual Report.

#### Board Skill Matrix

The Board has adopted a skills matrix to ensure that there is an appropriate mix of skills and experience on its Board and Committees to enable the Board to deliver the Company's objectives, and to allow the Board to effectively discharge its corporate governance and oversight responsibilities.

Directors are invited to join the Board based on their skills and experience in relation to the Company's and the APN Group's activities. The Board is fully apprised with the operations of the Company, the APN Group and the environment in which it operates.

The following table sets out the key skills and experience that the Board considers to be most relevant and which are represented collectively on the Board.

| Key Skills and Experience                   |
|---|
| Leadership, people and inclusion            |
| Strategic Planning                          |
| Funds Management                            |
| Property/Development                        |
| Capital Structure                           |
| Financial Acumen                            |
| Governance, Legal, Risk, Health and Safety  |
| Customer Experience and Marketing           |
| Information Technology and Innovation       |
| Sustainability and Corporate Responsibility |
| Crisis Management                           |

#### Induction Program for Directors

Induction for newly appointed Directors is provided on appointment, which includes a detailed pack outlining Company information and key policies including the Code of Conduct and Securities Trading Policy.

Newly appointed Directors are offered meetings with Senior Management to gain an understanding of the business, its operations, history, culture and key risks. Directors are expected to be adequately informed in respect of relevant industry and regulatory issues and changes.

Training sessions, including governance refreshers and presentations by experts are scheduled around Board meeting dates as required or by the request of the Board. Directors may raise other training requirements or professional development opportunities at any time to ensure that their skills and knowledge are updated and enhanced.

#### Directors Independence and Length of Service

The Board is currently comprised of a majority of Independent Directors. During the period between September 2019 and February 2020 the Board comprised only four Directors, two of which were characterised as independent. The Chairman of the Board is not characterised as independent. The Chairman is a different person to the CEO of the Company.

The independence of Directors is assessed in accordance with the guidelines outlined in the Recommendations. The Board considers Clive Appleton, Howard Brenchley and Danielle Carter to be Independent Directors, as they do not have a material interest, position, association or relationship that could reasonably be perceived to materially interfere with the independent exercise of their judgement. The Board considered the independence of each director at the time of adopting this Statement.

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All Directors must disclose any interests or conflicts in accordance with Corporations Act 2001 (Cth), and Company policies prior to the consideration of matters at the meetings of the Board.

The Company's Annual Report details offices held by Directors with other listed organisations within the past 3 years (Director's Report) and related party dealings (Notes to the Financial Statements) as required by law.

The Board has carefully considered its size and composition, together with the specialist knowledge of the funds management, property and property securities sector of its directors, and has formed the view that based on its current composition, it has the necessary skills and experience to ensure that the Company performs strongly, and there is sufficient accountability in the structure of the Board, to ensure the outcomes and objectives sought by the Recommendations are achieved. The Board considers that this has been enhanced through the separation of the boards of the Company and the Responsible Entity of the APN funds, APN FM.

The composition of the Board as at the end of the Reporting Period was:

| APN Property Group Limited    |   |                         | APN RE Limited         |                         |
|-------------------------------|---|-------------------------|------------------------|-------------------------|
| Name                          | Position                                  | Length of service (yrs) | Position               | Length of service (yrs) |
| Chris Aylward                 | Non-Executive Chairman                    | 24                      | Non-Executive Chairman | 2                       |
| Tim Slattery <sup>1</sup>     | Managing Director/Chief Executive Officer | 6                       | Managing Director      | 1                       |
| Clive Appleton                | Independent Director                      | 16                      | Independent Director   | 2                       |
| Tony Young <sup>2</sup>       | Independent Director                      | 5                       | Independent Director   | 1                       |
| Howard Brenchley <sup>3</sup> | Independent Director                      | 22                      | Independent Director   | 1                       |
| Danielle Carter <sup>4</sup>  | Independent Director                      | <1                      | Independent Director   | <1                      |

<sup>1</sup> Tim Slattery ceased as a Director of APN RE effective 19 September 2019

<sup>2</sup> Anthony (Tony) Young ceased as Director of APN PG and APN RE effective 30 August 2019

<sup>3</sup> Howard Brenchley appointed as Director of APN RE effective 21 August 2019.

<sup>4</sup> Danielle Carter appointed as Director of APN PG and APN RE effective 3 March 2020

## PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

### Code of Conduct and Key APN Group Policies

The APN Group has adopted the following:

**Purpose and Values** – The APN Group has a clear statement of purpose and a set of values that are fundamentally important in achieving APN's business objectives

**Code of Conduct** – The APN Group has adopted a Code of Conduct that applies to all directors and employees (including temporary staff and contractors) of the Company and its subsidiaries. The purpose of the Code of Conduct is to clarify the standards of ethical behaviour required of the Company directors and employees and to ensure that the high standards of corporate and individual behaviour are observed by all in the context of their employment with the Company. By adoption of the Code of Conduct, the Company seeks to ensure that all stakeholders dealing with the Company, whether it be employees, shareholders, investors, customers or competitors, can be guided by the stated values and policies of the Company.

The Code of Conduct also sets out the Board's view on conflicts of interest and related party transactions involving directors and employees and other legal and compliance obligations of the Company including corporate opportunities, confidentiality and privacy, fair dealing, protection of and proper use of Company

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information and assets, financial integrity and record keeping, anti-bribery and corruption, health and safety, equal employment, discrimination and harassment, training and compliance, reporting improper conduct and whistleblower protection, compliance with laws, rules and regulations and encouraging the reporting of unlawful or unethical conduct.

APN Securities Trading Policy – The APN Group has adopted a Securities Trading Policy that summarises the law relating to insider trading and other relevant provisions and sets out the procedures of the Company and its subsidiaries for permission and disclosure of trading by directors and employees in APN Group securities.

The Securities Trading Policy applies to all directors and employees of the Company and its subsidiaries and is designed to prevent breaches of the insider trading provisions by directors and employees of the Company and its subsidiaries. The policy includes an overriding prohibition against trading while in the possession of inside information and the restrictions of trading during closed (black out) periods. It is the responsibility of all directors and employees to comply with the insider trading provisions of the Corporations Act and to bring information in relation to any actual or potential insider trading to the attention of the relevant officer of the Company or its subsidiaries, as appropriate.

APN Whistleblower Policy – The APN Group has adopted a Whistleblower Policy that summarises the law relating to the handling of whistleblower disclosures and sets out the procedures of the APN Group for handling such disclosures including protections afforded to eligible whistleblowers.

APN Anti-Bribery and Corruption Policy – APN Group has adopted an Anti-Bribery and Corruption Policy that sets out the Board's view that acceptance of bribes and other improper payments in connection with its business in any jurisdiction, for or on behalf of APN is strictly prohibited. The Policy applies to all directors and employees of the APN Group regardless of location in Australia or overseas and regardless of whether activities as stated take place in Australia or overseas.

The Board will be informed of any material breach of the Code of Conduct and the above policies. The Code of Conduct and key policies are available at <https://apngroup.com.au/about-us/governance/>.

## PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

### Audit, Risk and Compliance Committee

The APN PG Board has established an Audit and Risk Committee and the APN RE Board has established an Audit, Risk and Compliance Committee (together Committees). The composition of the Committees during the Reporting Period was:

| Name                          | Position  |
|-------------------------------|---|
| Tony Young <sup>1</sup>       | Independent Director and Chairman of Committees until 30 August 2019  |
| Howard Brenchley <sup>2</sup> | Independent Director and Committee Member until 30 August 2019. Chairman of Committees effective 30 August 2019 |
| Clive Appleton                | Independent Director and Committees Member  |
| Chris Aylward <sup>3</sup>    | Non-Executive Chairman and Committees member until 3 March 2020   |
| Danielle Carter <sup>4</sup>  | Independent Director and Committees member from 3 March 2020  |

<sup>1</sup> Anthony (Tony) Young ceased as Chair of Committees effective 30 August 2019

<sup>2</sup> Howard Brenchley appointed as Chair of Committees effective 30 August 2019

<sup>3</sup> Chris Aylward ceased as member of Committees effective 3 March 2020

<sup>4</sup> Danielle Carter appointed as member of Committees effective 3 March 2020

The Board has adopted a Charter that details the functions and responsibilities of the Committees. The Committee Charter is available at <https://apngroup.com.au/about-us/governance/>.



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All matters determined by the Committees are put to the Boards as a whole, as recommendations for the Boards decision. Minutes of the Committee meetings are tabled at a subsequent Board meeting. Attendance records at Committee meetings are provided in the Director's Report of the APN's Annual Report.

### **CEO and CFO Declaration**

Prior to approval of the entity's financial statements, the Board receives 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 controls which is operating effectively.

### **Integrity of Periodic Corporate Reports**

In the event APN prepares any periodic corporate reports that are not audited, it will ensure that any material that is released to the market goes through a thorough verification process which includes verification of data from the relevant business units, sign off from at least two authorised persons (as outlined in the Communications and Continuous Disclosure Policy) and where appropriate, review by external legal advisers. This is to ensure all information is materially accurate, balanced and provides investors with all appropriate information.

### **Auditors attendance at AGMs**

APN's external auditor, Deloitte Touche Tohmatsu (Deloitte) attends its Annual General Meeting (AGM) and is available to answer questions from securityholders relevant to the audit.

## **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

### **Communications and Continuous Disclosure Policy**

The APN Group has adopted a Communications and Continuous Disclosure Policy to ensure that shareholders and the market have equal and timely access to material information regarding developments in relation to APN in accordance with applicable disclosure requirements in the Corporations Act 2001 (Cth), Chapter 3 of the ASX Listing Rules and ASX Listing Rules Guidance Note 8. Such information will relate to matters including the financial position, performance, prospects, ownership and governance.

### **Board and ASX Announcements**

The Board receives a copy of all material and non-material market announcements following the release of announcements on the ASX platform through an electronic email platform.

### **Substantive Investor or Analyst Presentations**

All new and substantive investor or analyst presentations are released on the ASX platform prior to any presentation taking place.

## **PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS**

### **Website, Communications Policy and Investor communication**

APN is committed to providing all stakeholders with accessible, accurate and timely information on all significant developments and activities. The APN Group has adopted a Communications and Continuous Disclosure Policy in order to ensure that there is effective two-way communication between APN and its shareholders.

The APN Group website (<https://apngroup.com.au/>) is the primary location for all APN and governance related information as outlined in the Recommendations. APN ensures that its website is continually updated and contains recent announcements, webcasts, presentations, disclosure documents, market information and answers to frequently asked questions. Shareholders also have the option to receive communications from and send communications to APN and its security registry electronically.

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APN holds an Annual General Meeting (**AGM**) of shareholders in November each year. The date, time and venue of the AGM are notified to the Australian Securities Exchange (**ASX**) and a copy placed on the APN's website. The Notice of Meeting (**NoM**) will be accompanied by explanatory notes on the items of business and together they will seek to clearly and accurately explain the nature of the business of the meeting. All shareholders have the opportunity to attend and vote (or appoint a proxy to vote) on any resolutions proposed. All substantive resolutions will be decided by a poll. The proxy form included with the NoM will explain clearly how it is to be completed and submitted. All shareholders at the AGM have the opportunity to ask questions of the Board.

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

### **Audit, Risk and Compliance Committee**

Please refer to Principle 4 for the composition and key responsibilities of the Committees.

### **Risk Management Framework**

APN recognises that risk management is a core component of APN Group's governance framework. APN Group has a documented Risk Management Framework (**Framework**) which sets out the APN Groups policy, strategy, process and approach to risk management and incorporate the guidelines described in the Australian/New Zealand Standard on Risk Management (AS ISO 31000:2018). A summary of the Risk Management Framework is available at <https://apngroup.com.au/about-us/governance/>.

The Managing Director/Chief Executive Officer is responsible for overseeing the implementation and on-going monitoring of the Framework including ensuring risk measures and methodologies are consistently applied and are effective and is supported by Senior Management. The Framework documents how APN Group identifies, assesses, manages, mitigates, monitors, records and reports key risks. Material risks are prioritised by the business and mitigating strategies are implemented to address such risks. Compliance procedures have been implemented to ensure the regular reporting and monitoring of risks across the business.

The Board and Committees receive regular updates on any material risks. The Audit, Risk and Compliance Committee receives a quarterly report on critical and high risks.

APN does not have material exposure to environmental or social risk. However, unforeseen risks, such as pandemics may pose a risk to APN.

Events relating to COVID-19 have resulted in significant market falls and volatility, including in the prices of securities trading on the ASX (including the price of APD securities) and on other foreign securities exchanges. There is continuing uncertainty as to the further impact of COVID-19, including in relation to the government response, work stoppages, lockdown, quarantines, travel restrictions and unemployment. The effect such factors may have on APN, tenants, the Australian economy and share markets is also uncertain. Given the degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is not currently possible to assess and estimate the full impact of COVID-19 on the APN's business. The Company will continue to monitor the situation and the impact on, capital markets, funds, assets and tenants across the group. It has access to financial resources to deal with changing circumstances as and when they arise, however, it may need to take additional measures in order to respond appropriately.

Annually the Board reviews the Framework to assess that it continues to operate effectively and as designed and whether any changes are required. The Board reviewed the Framework in the Reporting Period.

APN does not have a dedicated internal audit function, however, the APN Group governance framework incorporates a risk-based approach to conducting compliance reviews on key operations and processes. Compliance reviews are reported to the Audit, Risk and Compliance Committee and where applicable to the Board and are accompanied with recommendations for any changes to APN's processes, systems and controls in accordance with legal and regulatory requirements.

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### **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

#### **Nomination and Remuneration Committee**

Please refer to Principle 2 for the composition and key responsibilities of the Nomination and Remuneration Committee.

#### **Remuneration policies and practices**

The Nomination and Remuneration Committee assists the Board with oversight of the remuneration policies and practices. The Company's remuneration policies and practices are aimed to attract, motivate and retain high calibre Non-Executive Directors, Executive Directors and Senior Executives.

The remuneration policies and practices include competitive market rates (independent professional advice may be sought) and fixed and variable rewards that are aligned to meeting the Company's strategic objectives.

Further information is provided in the Remuneration Report outlined in the Directors Report of the Company's Annual Report, including the remuneration paid for Directors and Key Management Personnel (KMP) in the Reporting Period.

#### **Equity based remuneration schemes**

The Company considers equity based remuneration schemes for the Managing Director/Chief Executive Officer and Senior Executives to be an important component of the Group's overall compensation arrangements. Such schemes are not available to the Company's Non-Executive/Independent Directors. In formulating these arrangements, the Company's primary objective is to motivate and retain key employees by rewarding them when long term shareholder value is created.

The Company's current equity based remuneration scheme grants selected employees the right to acquire shares at a nominated exercise price subject to agreed service and performance criteria (i.e. vesting conditions) being satisfied. On satisfaction of the vesting conditions the shares are issued to the employee with the exercise price being financed by a limited recourse loan. No amount is paid or payable by the employee on receipt of these shares. Dividends declared and paid on the issued shares are for the benefit of the employee. The employee is not permitted to deal in the shares until the limited recourse loan has been repaid and, in accordance with the Group's Securities Trading Policy, recipients are prohibited from entering arrangements that limit or seek to limit the economic risk of exposure to the issued shares.

Further information is provided in the Remuneration Report outlined in the Directors Report of the Company's Annual Report, including equity based remuneration paid for the Reporting Period. Material terms of the CEO employment agreement is disclosed to the ASX as required under the Listing Rules.