



# CORPORATE GOVERNANCE STATEMENT

2018



## 01 Our approach to governance

In this Corporate Governance Statement references to 'Vicinity', 'Group', 'us', 'we', or 'our' refer to Vicinity Centres and its controlled entities.

Vicinity Centres comprises Vicinity Limited (the **Company**) and Vicinity Centres Trust (the **Trust**) which are stapled together and trade on the Australian Securities Exchange (**ASX**) as VCX. Vicinity Centres RE Ltd (the **RE**) is the responsible entity of the Trust. Vicinity Funds RE Ltd (**Vicinity Funds RE**) is the responsible entity or trustee of a number of wholesale funds. The Boards of the Company, the RE and Vicinity Funds RE comprise the same directors and generally meet concurrently (collectively, the **Board**).

Vicinity's corporate governance platform is integral to supporting our strategy, protecting the rights of our securityholders and creating sustainable growth.

### Our governance model

Figure 1

<b>Purpose</b>	Enriching community experiences			
<b>Vision</b>	We reimagine destinations of the future, creating places where people love to connect			
<b>Strategic focus</b>	We create unique and relevant consumer experiences, deliver compelling value to our retail partners and strive for excellence in everything we do			
<b>Value drivers</b>	We embrace difference	We always collaborate	We imagine a better way	
<b>Governance enablers</b>	Policies and delegations	People and culture	Stakeholder engagement	Capital and financial management

Vicinity strives to ensure that it meets high standards of governance across its operations. Vicinity's governance principles and practices reflect that Vicinity operates in a robust regulatory environment and has corporate and managed investment scheme obligations under the Corporations Act 2001 (the **Act**) and ASX Listing Rules. During FY18, Vicinity's corporate governance framework was consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (**ASX CGC Principles**).

This statement is current as at 15 August 2018 and has been approved by the Board.



[vicinity.com.au/about-us/corporate-governance](https://vicinity.com.au/about-us/corporate-governance)

**Note:** The following symbols are used in this statement to cross-refer to more information on a topic.



References content within Vicinity's 2018 Annual Report located in the 'Financial Results' section of Vicinity's website: [vicinity.com.au/investor-centre/financial-results](https://vicinity.com.au/investor-centre/financial-results)



References materials available on Vicinity's website: [vicinity.com.au](https://vicinity.com.au)

## 02 Role and responsibilities of the Board

### Allocation of responsibilities

The Board is accountable to securityholders for the performance of Vicinity. The Board is responsible for the strategic direction, establishing goals for management and monitoring the achievement of these goals. In doing so, the Board aims to create long-term value and sustainable earnings growth for Vicinity's securityholders and investors, having regard to the interests of Vicinity's other stakeholders and the communities in which Vicinity operates.

Other key responsibilities of the Board include:

- Setting the values, standards of conduct and governance practices of Vicinity including evaluating the skills and experience required on the Board and planning Board succession
- Appointing, setting the remuneration framework for, and planning succession of, the Chief Executive Officer and Managing Director (CEO) and senior executives
- Overseeing the processes for making appropriate, timely and balanced disclosure of all relevant material information concerning Vicinity
- Monitoring the integrity of financial reporting and corporate reporting, including external audit
- Setting risk appetite and monitoring systems of risk management, internal control and ethical and legal compliance, and
- Approving operating budgets and major capital expenditure, acquisitions and disposals.

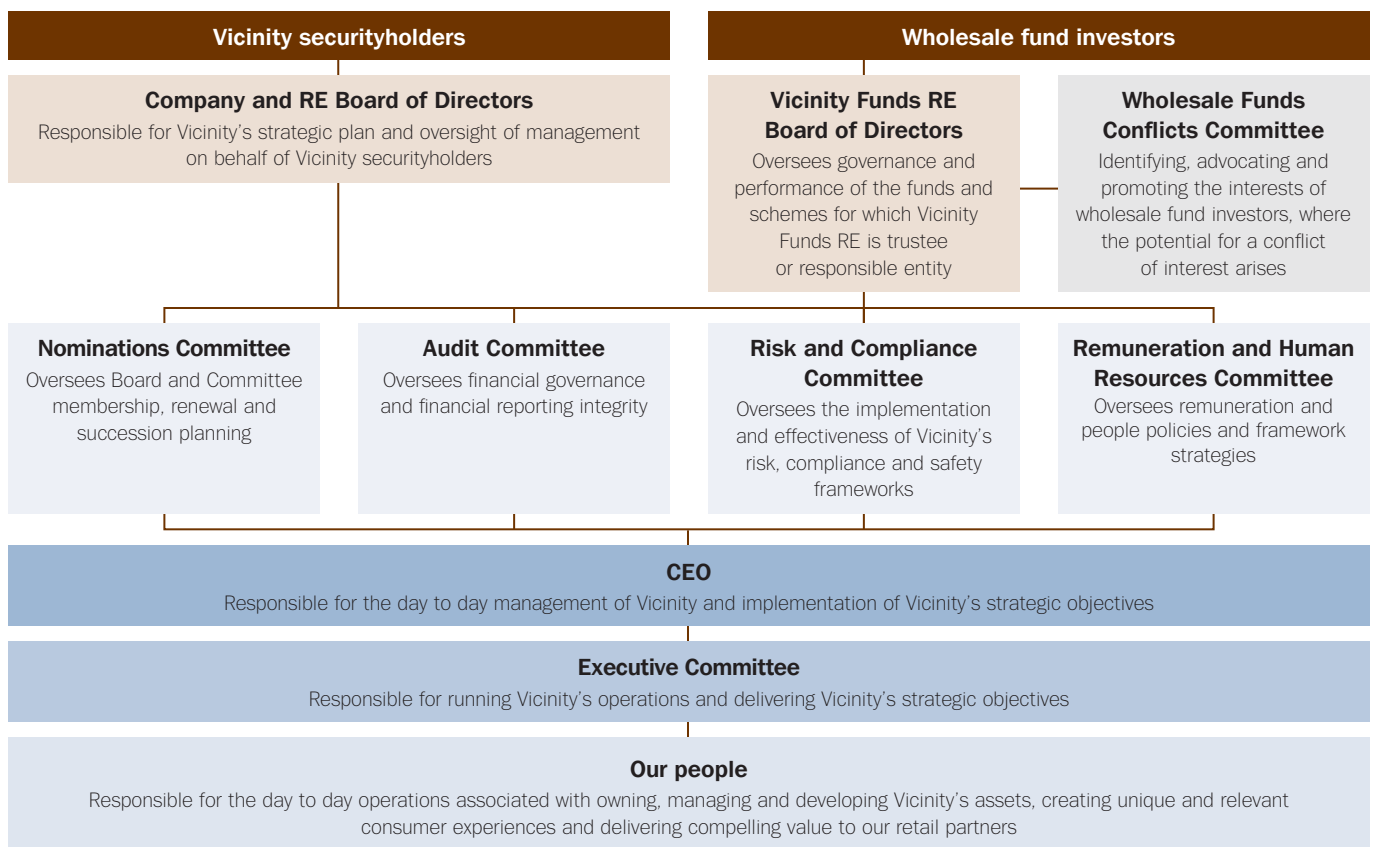
Full details of the responsibilities and functions reserved for the Board are set out in the Board charter.



[vicinity.com.au/about-us/corporate-governance](https://vicinity.com.au/about-us/corporate-governance)

### The structure of our Board

Figure 2



## Board and Committee composition

As at the date of this statement, the composition of the Board and Committees is as follows:

**Table 1**

<b>Board<sup>a</sup></b>	<b>Nominations Committee</b>	<b>Audit Committee</b>	<b>Risk and Compliance Committee</b>	<b>Remuneration and Human Resources Committee</b>
<b>Peter Hay</b> (Appointed 11 June 2015) Independent non-executive Chairman	C			
<b>Grant Kelley</b> (Appointed 1 January 2018) CEO and Managing Director				
<b>Trevor Gerber<sup>b</sup></b> (Appointed 28 October 2015) Independent non-executive Director		M		M
<b>Tim Hammon</b> (Appointed 15 December 2011) Independent non-executive Director	M		C	M
<b>Peter Kahan</b> (Appointed 11 June 2015) Independent non-executive Director		M		C
<b>Janette Kendall</b> (Appointed 1 December 2017) Independent non-executive Director	M			M
<b>Karen Penrose</b> (Appointed 11 June 2015) Independent non-executive Director		C	M	
<b>Wai Tang</b> (Appointed 30 May 2014) Independent non-executive Director		M	M	
<b>David Thurin</b> (Appointed 11 June 2015) Non-executive Director	M		M	

**C – Chairman, M – Member**

## Director independence

The Board annually assesses the independence of each non-executive Director which is determined in accordance with the Board charter and having regard to the factors relevant to assessing the independence of a director set out in the ASX CGC Principles.

All non-executive Directors, including the Chairman of the Board, have been assessed as independent non-executive Directors for FY18, other than David Thurin who is connected with The Gandel Group, a major securityholder, at the date of this statement. Accordingly, seven out of the nine Directors are independent non-executive Directors.

Mr Peter Kahan, who was previously connected to The Gandel Group, ceased to have an employment and commercial relationship with The Gandel Group with effect from 1 September 2017. As disclosed in the Notice of 2017 Annual General Meeting released to the ASX on 11 October 2017 in relation to Mr Kahan's re-election as a Director, the Board carefully considered Mr Kahan's prior relationship with The Gandel Group and concluded that he was an independent Director. Mr Kahan was assessed as independent as part of the FY18 independence assessment referred to above.

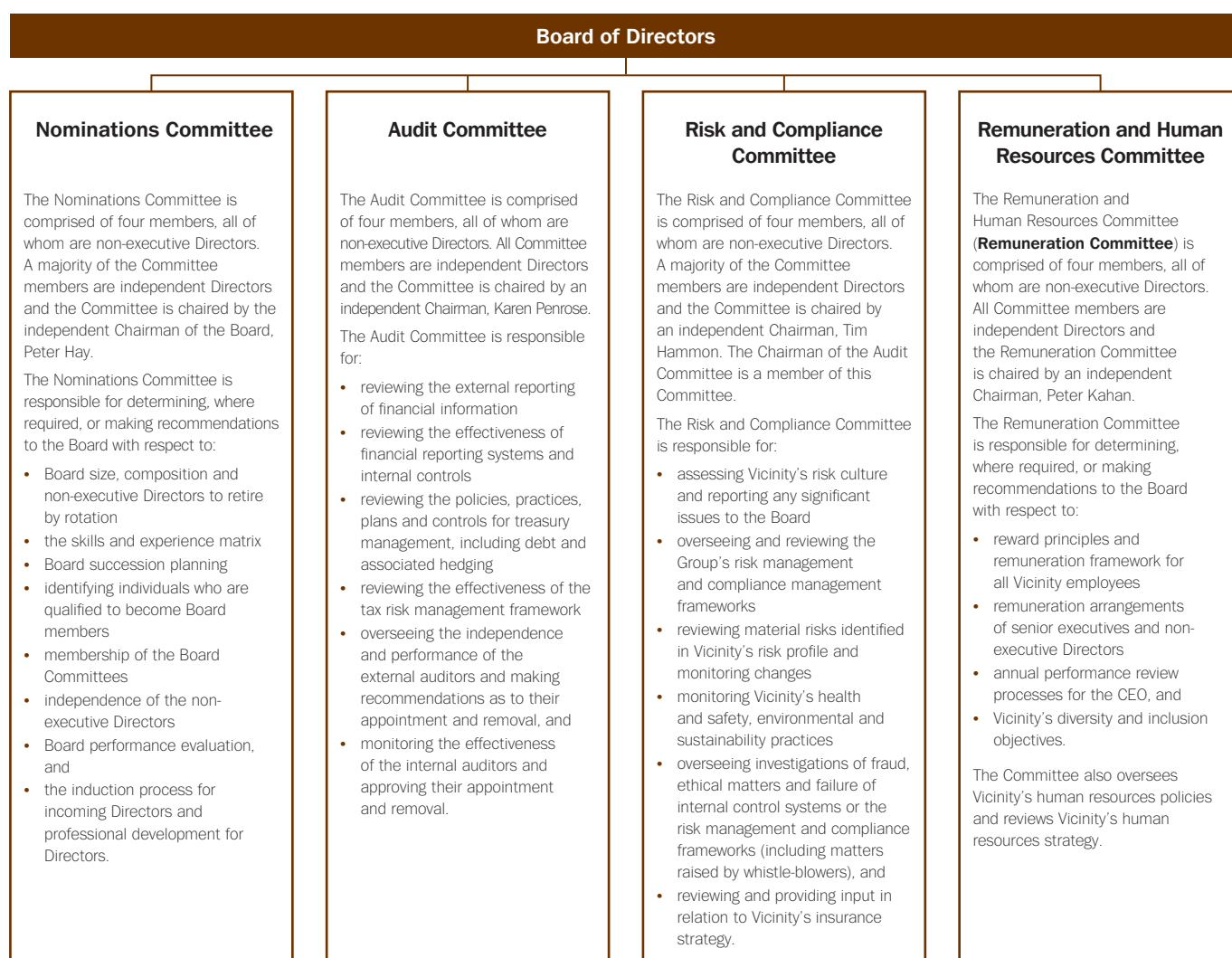
<sup>a</sup> This table displays the composition of the boards of the Company, the RE and Vicinity Funds RE.

<sup>b</sup> On 11 June 2015, following the merger of Novion Property Group and Federation Centres (**Merger**) Mr Gerber was appointed a Director of the RE. Mr Gerber was appointed as consultant to, and alternate Director of, the Company as the Company's constitution contained a limit on the maximum number of directors being 8. Securityholders resolved to remove this limit at the Company's 2015 Annual General Meeting on 28 October 2015. Subsequently Mr Gerber was appointed a Director of the Company.

## Committee composition and responsibilities

The Board has established a Nominations Committee, an Audit Committee, a Risk and Compliance Committee and a Remuneration and Human Resources Committee to assist the Board in discharging its duties. The role and responsibilities of each Committee are outlined below, noting that the Board may delegate further powers to, or determine additional responsibilities for, any of the Committees:

Figure 3



Following each Committee meeting, the Committee Chairman provides a report to the next Board meeting with respect to the items of business considered by the Committee. The Committees provide recommendations to the Board as required.

Each Committee operates under a charter approved by the Board which is reviewed annually. Membership of each Committee is outlined at page 4.



[vicinity.com.au/about-us/corporate-governance](https://vicinity.com.au/about-us/corporate-governance)

## 03 Relationship of the Board with Management

### Allocation of responsibilities

The CEO, together with the members of the Executive Committee (**EC**) and senior leaders (together, **Management**), is responsible for implementing Vicinity's strategy, achieving Vicinity's business performance and financial objectives and carrying out the day-to-day management of Vicinity's affairs.

Management is also responsible for supplying the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

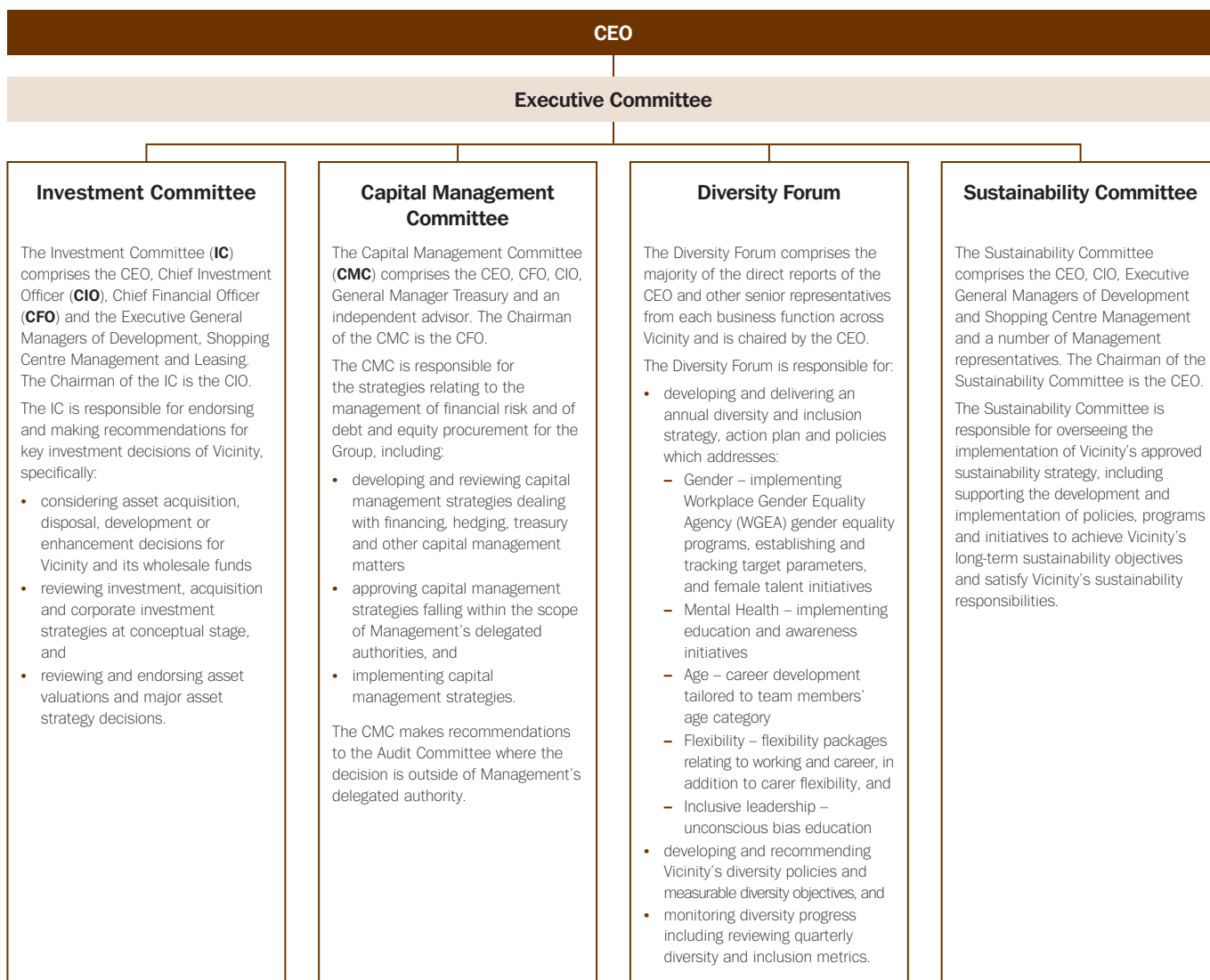
### Delegations framework

Vicinity has in place a Delegations Policy which supports organisational performance through efficient decision making and clear accountability. The policy specifies the authority delegated to employees to make decisions on behalf of Vicinity in the course of their roles and the execution of strategy. Management and all Vicinity employees must operate in accordance with the Board's approved policies and delegated limits of authority.

### Management committees

The CEO has established Management committees to facilitate decision making by Management as outlined below:

Figure 4



### Company Secretary

The Board is responsible for the appointment of Vicinity's Company Secretaries who are accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board and the Committees. The Company Secretaries are also responsible for communications with the ASX, overseeing and maintaining Vicinity's corporate governance framework and ensuring all governance matters are properly addressed. The General Counsel is also appointed as a Company Secretary and provides legal advice to the Board as required.

All Directors have access to the advice and services of the Company Secretaries and General Counsel.



Our Executive Committee page 45

### Ethical and responsible decision making

#### Code of conduct

Vicinity is committed to the highest level of integrity and ethical standards in all business practices and has in place a Code of Conduct (the **Code**) which requires Vicinity employees, contractors and Directors to act in a manner which supports Vicinity's values to embrace difference, always collaborate and imagine a better way.

The Code details behavioural standards and ethical expectations in order to maintain a high level of ethical business behaviour and reinforces the requirement for compliance with Vicinity's policies and legal requirements. As part of Vicinity's performance review process, employees are assessed against Vicinity's values and the behavioural standards outlined in the Code.

#### Conflicts of interest and related parties

Vicinity has in place a Conflict of Interest Policy to ensure that the personal interests of employees, contractors and Directors do not interfere with, and are not perceived to interfere with, the interests of Vicinity.

Employees and Directors are required to disclose any potential or actual conflict of interest in relation to the affairs of Vicinity, including external associations, appointments and personal relationships.

In the event of a Director having declared a potential conflict, the Director will act in accordance with Vicinity's Conflict of Interest Policy (and applicable law) to manage or avoid the conflict and Vicinity will implement processes to exclude the Director from any Board consideration of the matter. Under their letters of appointment, all non-executive Directors are required to notify the Chairman before accepting a new external appointment which might conflict with or impact the time that they are able to devote to their non-executive Director role with Vicinity.

Vicinity's Related Party Transaction Policy will also apply in the event of a transaction between Vicinity entities or between a Director or their associates and a Vicinity entity. Full details of any related party dealings are set out in the notes to Vicinity's Financial Report as required under the Act.

Additional protocols operate for wholesale funds managed by Vicinity for which Vicinity Funds RE is responsible entity or trustee and for joint venture arrangements.

#### Wholesale funds conflicts committee

Vicinity is committed to high standards of ethical conduct to ensure that conflicts of interest do not adversely affect members of the wholesale funds operated or managed by Vicinity and to avoid a perception that actual and potential conflicts of interest are not properly addressed by the respective board.

A Conflicts Committee for Wholesale Funds (**Conflicts Committee**) has been established under a charter and is convened as required. The Conflicts Committee comprises at least three independent non-executive Directors of Vicinity Funds RE. The role of the Conflicts Committee is to ensure that interests of investors in the applicable wholesale fund are clearly identified, advocated and promoted when the matter is considered by the Board of Vicinity Funds RE and conflicts addressed. Where there is a conflict between the interests of the responsible entity or Vicinity and the interests of the wholesale fund, the interests of the wholesale fund are preferred.

#### Trading in Vicinity securities and hedging

Under Vicinity's Securities Trading Policy, trading in VCX securities by employees and Directors engaged by Vicinity is prohibited during the following blackout periods and during any other periods that the Board may determine:

- from 1 January and until the trading day after the release of Vicinity's half year financial results, and
- from 1 July and until the trading day after the release of Vicinity's full year financial results.

Additional restrictions apply to Restricted Officers, including Directors, Management, other designated employees and any of their associates, whereby pre-trade approval must be obtained before they deal in VCX securities. Each Director has also agreed to provide notice to the Company Secretary of any dealings in securities within three business days of approved dealings so that Vicinity can comply with its obligation to notify the ASX.

The Securities Trading Policy is subject to the overriding prohibition against trading while in possession of inside information and prohibits Management from hedging or otherwise limiting their exposure to risk in relation to unvested VCX securities issued or acquired under any applicable equity arrangements and from entering into margin lending agreements in relation to VCX securities.

#### Risk management framework

The identification, assessment and management of risks and opportunities are core competencies supporting the achievement of Vicinity's objectives. Vicinity adopts a structured and comprehensive approach to managing risk to help provide benefits to its stakeholders, including securityholders, employees, consumers, tenants and the community in which Vicinity operates.

Vicinity's business model is to operate responsibly in taking well understood and well managed risks within the bounds of Vicinity's risk appetite. Vicinity's Risk Management Policy, Risk Appetite

Statement and Enterprise Risk Profile, together the foundation of Vicinity's Enterprise Risk Management Framework, are reviewed by the Risk and Compliance Committee and Board annually and were reviewed during FY18.

At each half and full year reporting period, the Board receives assurance from Management as to the existence of a sound system of risk management and internal control. Management provided this attestation in August 2018 at the time of approval of the 2018 Financial Report.

The Risk and Compliance Committee receives quarterly risk governance reports in accordance with Vicinity's risk management framework, which are made available to all Directors.

### Responsibility for risk management

The assignment of roles and responsibilities for risk management activities follows a 'three lines of defence' model to ensure risks are identified, analysed, evaluated, treated, managed, monitored and reported through the establishment of an efficient and effective governance, risk and control framework.

The three lines of defence model is summarised below:

Figure 5



- **1st line** – Management is responsible for developing a risk aware culture and identifying, assessing and managing risks associated with pursuing Vicinity's strategic objectives.
- **2nd line** – functions such as the Risk, Compliance and Safety teams are responsible for establishing and overseeing risk, compliance and safety frameworks, for constructively challenging business risk assessments and for reporting the aggregate risk position to the EC, the Risk and Compliance Committee and the Board.
- **3rd line** – Internal and external Audit is responsible for the provision of independent and objective assurance on the effectiveness of risk management, control and governance processes.

### Economic, environmental and social sustainability risks

The Board and Management recognise that Vicinity must identify and manage exposure to a range of material economic, environmental, and social sustainability risks (**Material Sustainability Risks**). Vicinity has undertaken a formal materiality assessment to identify Vicinity's long-term Material Sustainability Risks. The results of this assessment have been integrated within Vicinity's Enterprise Risk Profile.

Vicinity's disclosures regarding the Material Sustainability Risks to which Vicinity is exposed and how we manage or intend to manage those risks are contained in the 'Our management of risk' section of our 2018 Annual Report and on our website<sup>c</sup>.



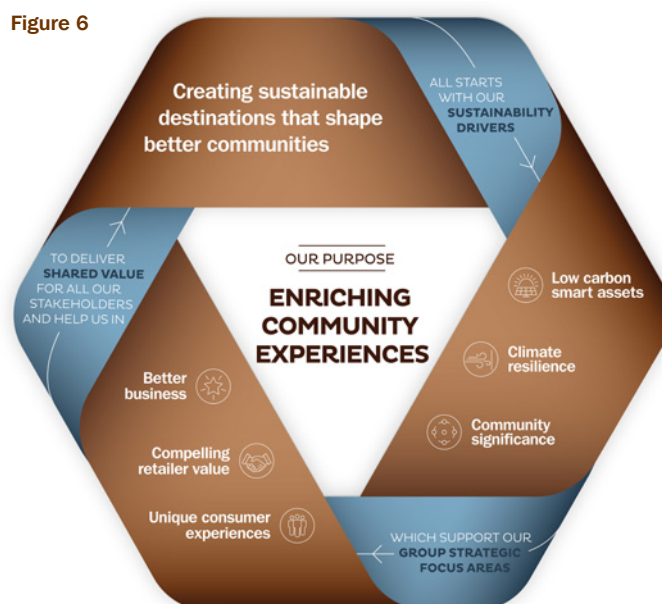
Our management of risk page 22

Vicinity has an integrated sustainability strategy (displayed in Figure 6), that aims to respond to our Material Sustainability Risks, as well as opportunities, with a focus on creating shared value for Vicinity and our stakeholders.



[vicinity.com.au/sustainability](https://vicinity.com.au/sustainability)

Figure 6



<sup>c</sup> Material sustainability risks and opportunities are disclosed on our website at [sustainability.vicinity.com.au/governance/#materiality](https://sustainability.vicinity.com.au/governance/#materiality)



## 04 People and Culture

### Allocation of responsibilities

Where a new appointment to the Board is being considered, Vicinity's policy is to obtain detailed background information and undertake screening of the potential nominee's character, experience, qualifications, criminal and bankruptcy history prior to that nominee being issued with an invitation to join the Board. External independent search firms may be retained by the Board to identify suitable candidates for Directorship.

All new non-executive Director appointments for Vicinity are confirmed by a formal letter of appointment, which sets out the terms of appointment and the obligations of the Director to comply with key policies and procedures. Upon appointment, Directors are issued with an induction pack.

The Board will provide securityholders with all relevant material information in its possession regarding a decision for the election or re-election of a Director.

### Director induction and ongoing education

Vicinity has a Director induction program to educate new Directors about the nature of Vicinity's business, including current issues, the strategic plan and the expectations of the Board concerning Directors' performance. Incoming Directors are also invited to attend and observe Board and Committee meetings prior to their appointment and provided with all relevant corporate governance materials and policies.

During their tenure, Directors are expected to maintain memberships of relevant associations (such as the AICD) and undertake ongoing education to maintain their qualifications and skills as a Director. Vicinity will support the cost of ongoing education where it is considered relevant to a Director's role on the Board, at the Chairman's discretion.

It is a core component of Vicinity's health and safety management practices that all Directors are provided with the opportunity to visit a selection of Vicinity's assets several times each year and to meet with Management to gain a better understanding of business operations.

Workshops are held throughout the year to 'deep dive' into key strategic initiatives such as proposed developments or material business matters. Vicinity also arranges briefings and periodic director education sessions facilitated by Management or external advisers to ensure Directors keep abreast of changes in legislation, regulation, governance practices, digital transformation and the environment in which Vicinity operates.

### Performance review and Board renewal

The Board undertook its annual performance review in FY18. This process included an evaluation and review of the performance of the Board, its Committees, the composition and skill set of the Board and the Board's relationship with management.

Ms Janette Kendall commenced as a Director in December 2017, as part of an ongoing process to ensure that Vicinity has Directors with relevant, contemporary experience and to round off the skills of the Board to include a technology and digital focus. Further details of Ms Kendall's credentials were announced to the ASX on 31 July 2017. A copy of the ASX announcement is available on Vicinity's website.



[vicinity.com.au/investor-centre/asx-releases](https://vicinity.com.au/investor-centre/asx-releases)

### Board skills, experience and attributes

The Board is committed to maintaining diversity of skills, experience and attributes in the membership of the Board. The Board skills matrix identifies the number of Directors with developed skills and experience in areas considered most relevant to Vicinity. The skills matrix for Vicinity Directors was reviewed by the Board in June 2018 and applied a methodology requiring the Directors to assess their level of capability for each skill in the matrix against a set of descriptive guidelines.

The methodology required Directors to classify their level of capability for each skill into one of the following categories:

- Expert
- Advanced, or
- Competent.

Directors who assessed their skill level as Advanced or Expert satisfied the capability requirement for inclusion in the matrix. Directors who assessed their skill level as competent in any skill category have not been included in the matrix.

Having assessed its composition and the results of the analysis set out above, the Board considers that it has the appropriate mix of skills and experience to discharge its responsibilities.

## Director skills and experience matrix

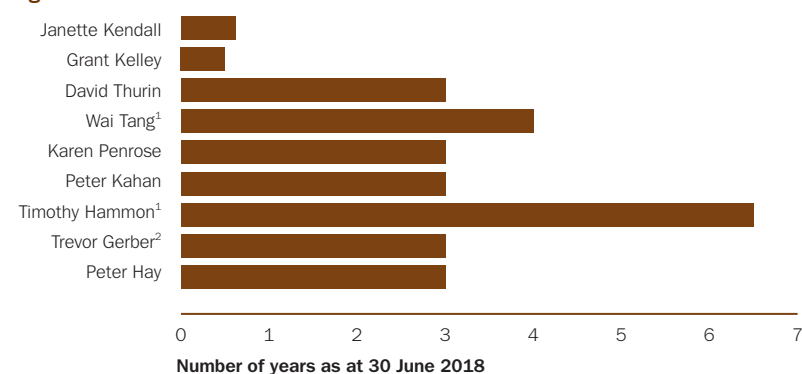
Figure 7

Skills/Experience Category	Industry Experience			Functional and Operational Management Experience					
	Property/Development	Funds Management	Leadership and people	Financial acumen	Capital management	Strategy	M&A execution	Legal/Risk/Health and Safety	Digital innovation or disruption
Number of Directors with expert or advanced capability	6	6	9	7	5	9	9	8	4

Skills/experience category	Description of capability
Property/Development	Experience in property management, or design and construction of major property projects
Funds Management	Experience in third party property funds management
Leadership and people	Leadership experience; experience in influencing organisational culture and in relation to remuneration frameworks
Financial acumen	Experience in financial accounting and reporting, including analysing financial statements and assessing financial viability
Capital management	Experience in capital management strategies, including capital partnerships, debt financing and capital raisings; and/or experience in being a part of or overseeing a treasury function
Strategy	Experience in developing, implementing and challenging strategic plans to achieve the long-term goals of an organisation
M&A execution	Experience in merger and acquisition transaction execution and integration
Legal/Risk/Health and Safety	Executive experience in managing areas of major risk to the organisation (including legal risk); and/or experience in workplace health and safety
Digital innovation or disruption	Experience in developing and applying digital and emerging technology or product; and/or experience in leading or responding to digital disruption

## Board Tenure

Figure 8



- 1 This period includes Ms Tang's and Mr Hammon's tenure as Directors of the Company and the RE prior to Federation Centres' Merger with Novion Property Group on 11 June 2015.  
 2 This period includes Mr Gerber's tenure as an alternate Director of the Company. See note b at page 4.

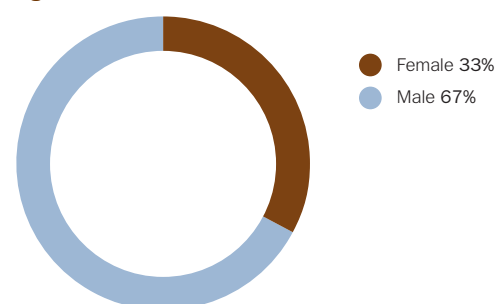
Further details on the qualifications, skills and experience of Vicinity's Directors, and other directorships held by them are available in our 2018 Annual Report.



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## Vicinity Board Gender Diversity

Figure 9



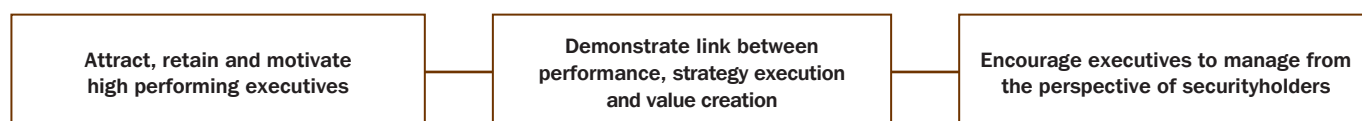
## Remuneration framework

The objective of Vicinity's remuneration framework is to build capability by attracting, retaining and engaging a talented executive team, while aligning their actions with securityholder interests. Vicinity's remuneration framework in place throughout FY18 is detailed in the Remuneration Report in our 2018 Annual Report.



Remuneration Report page 58

The Remuneration Report details the remuneration of non-executive Directors and executive Key Management Personnel (Executive KMP) in line with Vicinity's reward principles:



Vicinity, through its employing subsidiary, has in place a written agreement with each Director, the CEO, Management and each employee setting out the terms of their appointment.

In discharging its responsibilities with respect to remunerating fairly and responsibly, the Remuneration Committee has regard to market surveys and engages independent consultants as necessary.

## Minimum independent non-executive Director securityholding

The Board has in place a Minimum Securityholding Policy for the independent non-executive Directors. Under the policy, the independent non-executive Directors are encouraged to acquire a holding of securities equal in market value to one year of base Board fees (on an after-tax basis) within five years. Due to the trading restrictions outlined on page 7, Directors have limited opportunities to acquire securities and are at all times subject to the overarching prohibition on trading in securities whilst in possession of inside information.

The principal consideration in implementing this mandatory securityholding policy was to reinforce the alignment of the independent non-executive Directors' interests with those of Vicinity securityholders.

## Minimum executive securityholdings

A mandatory security ownership policy is in place for the EC. This requires Executive KMP and members of the EC to acquire and retain a minimum holding of securities equal to 60% of Total Fixed Remuneration (TFR) within five years. Deferred short term incentives and long-term incentives count toward the holding level.

## Evaluating performance of Management

Throughout FY18, there has been in place a performance evaluation system that includes the setting of annual key performance indicators for each employee, including Management, which are measurable, quantifiable and assessed on an annual basis. During FY18, all employees participated in a mandatory performance evaluation in accordance with this process.

The annual key performance indicators established for the CEO are cascaded appropriately to the EC and all employees.

On an annual basis, the Remuneration Committee, and subsequently the Board, formally reviews the performance of the CEO and the CEO formally reviews the performance of each EC member. The assessment criteria include both qualitative and quantitative measures covering financial, strategic, portfolio, people and leadership and operational excellence objectives.

Further details on the reward framework, performance measures and the assessment criteria for the CEO and the Executive KMP (including equity-based plans) that were in place during FY18 are set out in the Remuneration Report within our 2018 Annual Report.



Remuneration Report page 58

## Diversity and inclusion

At Vicinity Centres, we believe in the strength of a diverse and inclusive workforce where the backgrounds, perspectives and life experience of our people helps us deliver better business outcomes. We strive to create a truly inclusive working environment which reflects the communities in which we operate and a performance-driven organisation which leverages diversity to create competitive advantage.

Diversity and Inclusion at Vicinity is governed by a diversity and inclusion framework and overseen by the Diversity Forum which is an advisory committee to the organisation. The Forum meets regularly and is responsible for leading, advocating and monitoring Vicinity's diversity initiatives. See page 6 for further details of the Forum's composition and responsibilities. Vicinity also has a diversity policy which demonstrates Vicinity's commitment to diversity at all levels and requires the periodic assessment of Vicinity's progress in achieving diversity objectives which is reported to Vicinity's Remuneration and Human Resources Committee on a periodic basis and to Vicinity's Board annually.

In FY18 a continuation of the Diversity and Inclusion strategy from FY17 was delivered which focused on three key areas, Gender, Mental Health and Age, and was supported by two enablers, Flexibility and Inclusive Leadership. An overview of the strategy is detailed in Figure 10. Progress against the delivery of this strategy was measured by the annual company wide Vicinity Diversity survey which was conducted in October 2017. Results from the Diversity survey demonstrated good engagement with the strategy and strong progress against the delivery of the action plan.

In FY18, both Angus McNaughton and Grant Kelley were members of the Property Male Champions of Change, a forum established to drive greater gender equality in the property industry and increase the number of women in leadership roles. Additionally, Angus McNaughton was a Pay Equity Ambassador with the Workplace Gender Equality Agency (WGEA), with Grant Kelley's confirmation as a WGEA Pay Equity Ambassador confirmed for FY19.

Figure 10




Purpose	Enriching community experiences via inclusiveness		
Vision	We celebrate our differences, and create an environment where people are free to be themselves and reach their full potential		
Focus areas	 Gender	 Mental health	 Age
Enablers	Flexibility		Inclusive leadership



Table 2

Focus Area	Objective	Measurable target	Supporting initiatives	What we achieved in FY18 <sup>d</sup>
Gender <sup>e</sup>	We are committed to increased gender representation at all leadership levels of the organisation	<b>% Female representation on Board WGEA category</b> Minimum of 33% by the end of FY18 Minimum of 40% by the end of FY21	<ul style="list-style-type: none"> <li>Board succession and renewal plan maintained</li> <li>Annual review of skills and experience matrix to identify gaps in skills, experience and diversity on the Board</li> <li>Building in gender equality supportive activities during the recruitment process for new Directors e.g. expectations of female representation on short lists</li> </ul>	<ul style="list-style-type: none"> <li>Board composition 33% female following appointment of new Director, Janette Kendall, on 1 December 2017</li> </ul>
		<b>% Female representation on EC including CEO</b> <i>(Non WGEA category)</i> 33% by the end of FY18 if a vacancy arises Minimum of 40% by the end of FY21	<ul style="list-style-type: none"> <li>Building in gender equality supportive activities during the recruitment process for new Executives, e.g. expectations of female representation on short lists</li> </ul>	<ul style="list-style-type: none"> <li>Maintained 33% female representation</li> <li>Broad talent pool considered for CEO search</li> </ul>
		<b>% Female representation other Executive/General Manager WGEA category</b> <i>(Executive Committee and Senior Leaders)</i> 40% by the end of FY18 Minimum of 40% by the end of FY21	<ul style="list-style-type: none"> <li>Building in gender equality supportive activities during the recruitment process</li> <li>Female representation focus during talent identification and development, performance assessment activities</li> <li>Building awareness of unconscious bias</li> <li>Initiatives that support flexibility, carer responsibilities and return to work from extended leave including parental leave</li> </ul>	<ul style="list-style-type: none"> <li>33% female representation at end of FY18</li> <li>Gender lens applied to all recruitment (including promotions), performance, talent and remuneration decisions</li> <li>Unconscious Bias training delivered to people leaders</li> <li>Parental leave coaching program piloted with external partner</li> <li>Vicinity Care Corporate program launched, providing support to team members with caring responsibilities</li> </ul>
		<b>% Female representation Senior Manager WGEA category</b> 38% by the end of FY18 Minimum of 40% by the end of FY21	<ul style="list-style-type: none"> <li>As per Executive Committee and Senior Leaders supporting initiatives above</li> </ul>	<ul style="list-style-type: none"> <li>37% female representation at end of FY18</li> <li>Gender lens applied to all recruitment (including promotions), performance, talent and remuneration decisions</li> <li>Unconscious Bias training delivered to people leaders</li> <li>Parental leave coaching program piloted with external partner</li> <li>Vicinity Care Corporate program launched, providing support to team members with caring responsibilities</li> </ul>
		<b>% Female Representation our people WGEA category</b> <i>(Non-Managers)</i> Maintain at or above 50% Achieve a minimum of 40% male, 40% female and 20% either gender by the end of FY21	<ul style="list-style-type: none"> <li>As per Executive Committee and Senior Leaders supporting initiatives above</li> </ul>	<ul style="list-style-type: none"> <li>67% female representation at end of FY18</li> <li>Worked to actively build gender diverse talent pools in non-gender diverse Business Units, i.e. IT, Leasing, Development (male dominated); Marketing and People and Culture (female dominated)</li> <li>Gender lens applied to all recruitment (including promotions), performance, talent and remuneration decisions</li> <li>Unconscious Bias training delivered to people leaders</li> <li>Parental leave coaching program piloted with external partner</li> <li>Vicinity Care Corporate program launched, providing support to team members with caring responsibilities</li> </ul>

<sup>d</sup> Employee population measured at 30 June 2018.

<sup>e</sup> The gender diversity data in Table 2 has been subject to independent limited assurance by Ernst & Young in accordance with the Australian Standard on Assurance Engagement Other than Audits or Review of Historical Financial Information (ASAE 3000).

Table 2 continued

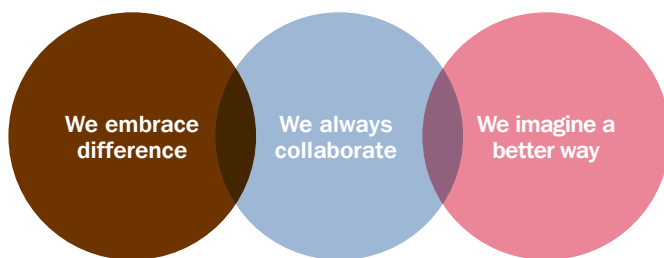
Focus Area	Objective	Measurable target	Supporting initiatives	What we achieved in FY18
<b>Mental Health</b>	We are committed to supporting the mental health of our workforce, providing opportunities for education and personal development	Mental Health factors measured in the annual Diversity Survey demonstrate an increased awareness of the resources and support options available.	<ul style="list-style-type: none"> <li>Employee Assistance Program available to all employees</li> <li>Education sessions relating to mental health</li> <li>Health and Wellbeing program and benefits</li> </ul>	<ul style="list-style-type: none"> <li>External audit completed by The Black Dog Institute, including a review of Vicinity's policies, training, health and wellbeing programs</li> <li>All people leader's complete face-to-face mental health awareness training as part of their induction</li> <li>Mental health online training course to compliment face-to-face training was launched for team members and people leaders in FY18</li> </ul>
<b>Age</b>	We are committed to supporting the various age demographics across the organisation.	Age factors measured in the annual Diversity Survey demonstrate an increased awareness of the resources and support options available for employees across different age demographics.	<ul style="list-style-type: none"> <li>Education sessions relating to Age related support</li> <li>Online resources available for all employees</li> </ul>	<ul style="list-style-type: none"> <li>Launched Vicinity Care Corporate, an online tool, that ensures employees have access to resources needed to care for their family at every stage of life</li> </ul>
<b>Flexibility</b>	Flexibility is a business enabler and we support a flexible working environment and flexible careers	Increase in the number of team members accessing flexible working arrangements	<ul style="list-style-type: none"> <li>Flexible Working Arrangements Policy and supporting materials</li> <li>People leader development through Vicinity leadership programs focussing benefits and support of flexible working</li> <li>Education sessions relating to flexible working</li> </ul>	<ul style="list-style-type: none"> <li>55% of team members work flexibly – an increase of 15% from 2016</li> </ul>
<b>Inclusive leadership</b>	Strong leadership is key in creating a culture that fosters the diverse and inclusive organisation we wish to create	Increase in the capability of people leader to create an inclusive workplace	<ul style="list-style-type: none"> <li>Unconscious bias workshops for all leaders</li> <li>People leader development through Vicinity leadership programs</li> <li>Application of unconscious bias principles in all people practices, e.g. recruitment, talent, development etc.</li> </ul>	<ul style="list-style-type: none"> <li>Diversity and Unconscious Bias training continue to be delivered as part of new people leader induction program</li> <li>Launch of the Vicinity Reflect Reconciliation Action Plan (RAP)</li> <li>Unconscious Bias online training course delivered for all team members</li> <li>'Credosity' software used by Talent Acquisition team to identify gender bias in recruitment listings</li> <li>Vicinity values and behaviours introduced into annual performance process and measured as part of end-of-year reviews</li> <li>'We embrace difference' face-to-face masterclass delivered as part of Everyday Leader Beyond Program to &gt;120 people leaders nationally</li> </ul>

Vicinity Centres will transition to a new three-year gender diversity target commencing from FY19. The new three-year target will be 40% female, 40% male and 20% either gender (40:40:20) across each of the WGEA categories by the end of FY21. All targets are subject to vacancies arising.



## Culture and values

Vicinity is proud to put our people first. We have a values-led culture that allows our people to thrive and be their very best everyday. Our values are part of who we are and intrinsic to our success. They come to life through the actions we take, the decisions we make, the lessons we learn and the stories we share. We support this by creating a work environment where everyone can be themselves and make a difference, at work and in the communities we exist.



Vicinity has both real time and agile working practices for our people which provide a flexible work setting and support a more efficient and effective workplace and encourage greater connections and collaboration amongst Vicinity teams.

## Whistleblowing at Vicinity

Vicinity's whistle-blower guidelines empower employees to report any wrongdoing without fear of reprisal. Vicinity offers employees and external stakeholders internal and external reporting channels including through an external hotline where reports may be made anonymously.

The policy provides for all reports to be investigated discreetly and, provided any report of wrongdoing is made in good faith, Vicinity will take reasonable steps to protect a whistle-blower. Vicinity will not tolerate any form of harassment, victimisation of, or retaliation against persons who report a wrongdoing.

## Keeping our securityholders informed

Vicinity's Investor Relations team coordinates an investor relations program to maintain dialogue with Vicinity's institutional and retail investors as well as analysts. This program includes:

- Vicinity's Annual General Meeting (**AGM**) which all securityholders have the right to and are encouraged to attend. The AGM provides an opportunity for securityholders to ask questions of the Board and Management, express views and respond to Board proposals. Vicinity's external auditor, Ernst & Young, attends the AGM to answer any questions about the conduct of the audit and the content and preparation of the audit report
- An Annual Report which is published annually in August and includes an overview of operations and financial results for the year. The Board encourages securityholders to access the Annual Report online to assist with Vicinity's commitment to the environment, as well as being more cost effective. A printed copy of the Annual Report will only be sent to those securityholders who have elected to receive it in this format. Otherwise, securityholders will be notified when the Annual Report is available to be accessed online, and
- Each six months, to coincide with the release of the annual and half year financial statements and reports, Vicinity holds an analyst briefing. Facilities are available for securityholders to participate in these briefings should they wish to do so through a variety of media, including telephone conference call and webcast. The presentations from these briefings are available on Vicinity's website after confirmation of release by the ASX.

Management meets with investors throughout the year. Typically meetings follow the release of our annual and half year results or other material announcements and also occur at investor conferences. From time-to-time, Directors attend meetings with investors. Care is always taken to ensure that no market sensitive information is discussed or disclosed in any meetings with investors or analysts. Vicinity's Investor Relations team also manages investor enquiries on a daily basis.



[vicinity.com.au/investor-centre](https://vicinity.com.au/investor-centre)

# 05 Communication

## Continuous disclosure

Vicinity has adopted a Disclosure and External Communications Policy which together with associated procedures:

- Has the principal objective of ensuring that Vicinity complies with its continuous disclosure obligations
- Sets out the processes to ensure timely and meaningful disclosure of price sensitive information to Vicinity's investors and the market
- Regulates processes for general updates regarding strategic, operational and financial performance of Vicinity, including preventing selective disclosure, and
- Outlines the approval procedures for market announcements.

## Electronic communication with securityholders

The Board encourages all securityholders to receive communications from, and send communications to, Vicinity's security registrar electronically.

Vicinity's ASX Announcements are automatically published on the Vicinity website which is regularly updated and contains:

- Current key financial information and Annual Report
- Investor and broker presentations
- Correspondence from the Chairman or CEO sent to all securityholders
- Policies and Board and Committee charters
- Sustainability activities and achievements
- Key dates and events, and
- Current and archived webcasts of annual and half year results briefings.

## 06 Capital and financial management

### Financial risk management

Vicinity adopts a conservative approach to financial risk management and has in place policies to deal with liquidity and funding risk and financial market risks.

The objectives of Vicinity's liquidity and funding policies are to ensure that Vicinity and entities managed by Vicinity have funds available to meet financial obligations, working capital and committed capital expenditure requirements over a rolling 12 month period and sufficient liquidity to provide for unforeseen events which may negatively impact operating cashflows.

Vicinity's financial risk management strategy has the following objectives:

- To facilitate adherence to all relevant financial covenants
- To minimise the impact of adverse interest rate or foreign exchange movements and volatility on Vicinity profitability and securityholder distributions each financial year, and
- To diversify Vicinity's debt sources and derivative counterparties.

### Integrity in financial reporting

The Board receives regular updates on the financial performance of the business and integrity of financial reporting via:

- Quarterly Audit Committee and Board reporting on capital and treasury management and tax matters
- Monthly management reporting of financial performance and business activities
- Quarterly updates on annual forecasts, and
- Quarterly internal audit reporting to the Audit Committee.

With respect to each half year and full year end reporting periods, the Audit Committee reviews the financial statements and financial statements analysis prepared by Management, considers critical accounting judgements and estimates considered material to the financial report and receives reports from Vicinity's external auditor.

### CEO and CFO declarations

Twice annually with respect to the half year and full year financial periods, the Board receives a declaration from the CEO and CFO in accordance with the ASX CGC Principles and Section 295A of the Act for the full year financial period and equivalent for the half year financial period. The declarations confirm whether, in their opinion, the financial records of Vicinity have been properly maintained, whether the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Vicinity, whether the opinion has been formed on the basis of a sound system of risk management and internal control and whether the system is operating effectively in all material respects in relation to financial risks.

Ernst & Young is the current financial, Australian Financial Services Licence and Compliance Plan auditor for the Company, the Trust and their controlled entities and for the wholesale funds for which Vicinity Funds RE is the responsible entity or trustee. The lead audit partner of Ernst & Young attends our AGM and is available to answer questions on the Group's financial statements and the conduct of the audit.

Vicinity has an External Audit Policy which provides that the Audit Committee will review the auditor's independence taking into account the requirements prescribed in the Act and the standards agreed between Vicinity and the auditor, which include:

- Rotation of the senior audit partner every five years
- Annual confirmation by the auditor that it has satisfied all professional regulations relating to auditor independence
- Half-yearly reporting on the level of audit and non-audit fees
- Any non-audit work performed must be carried out in accordance with agreed protocols, and
- Approval of non-audit service activities over \$50,000 per activity by the Audit Committee Chairman.

The audit partner rotated at the commencement of FY15.

### Internal auditor

Vicinity has adopted a co-sourced internal audit model comprising an internal resource supported by an external service provider, Protiviti. The internal auditors are appointed by the Audit Committee and report against the internal audit plan approved by the Audit Committee, on a quarterly basis.