

2015 Corporate Governance Statement as at 17 August 2015

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

Recommendation	Group response/practice
Principle 1: Lay solid foundations for management and oversight	
<p>Recommendation 1.1 (a): A listed entity should disclose the respective roles and responsibilities of its board and management.</p>	<p>The board of directors ("Board") is responsible for the overall governance of the Growthpoint Properties Australia ("Group"), with the aim of achieving consistent growth in total securityholder returns.</p> <p>Specifically, the Board is responsible for the:</p> <ol style="list-style-type: none"> 1. adoption and implementation of appropriate corporate governance practices; 2. establishment of the Group's strategies and objectives; 3. approval of material transactions; 4. approval of an annual budget including major capital expenditure; 5. adoption of relevant internal compliance controls and risk management processes; 6. employment, remuneration and performance monitoring of the Managing Director; and 7. establishment and monitoring of the Board's performance and each of its sub-committees. <p>The Board has approved a Delegations of Authority Policy under which authority for certain matters not considered material to the operation or value of the Group have been delegated to management of the Group.</p> <p>Under this policy, Management is responsible for:</p> <ol style="list-style-type: none"> 1. the implementation of strategic objectives and operating within the risk parameters approved by the Board; 2. all other aspects of the day to-day running of the entity; and 3. providing accurate and timely information to enable the Board to perform its responsibilities. <p>Please refer to page 56 of the 2015 Annual Report for more details of the role and responsibilities of Management.</p>
<p>Recommendation 1.1 (b) A listed entity should disclose those matters expressly reserved to the Board and those delegated to management.</p>	<p>The following key delegation limits apply to executive management under the "Delegations of Authority Policy":</p> <ol style="list-style-type: none"> 1. up to \$2.5 million for normal business contracting (subject to some conditions); 2. up to \$10,000 for donations and gifts of (excluding to political parties); 3. up to \$25,000 for sponsorships; 4. up to \$10 million in new debt facilities; and 5. up to \$500,000 for making provision of bad debts. <p>The policy also sets out authority payment limits.</p>
<p>Recommendation 1.2 (a) A listed entity should undertake appropriate checks before appointing a person, or putting forward to securityholders a candidate for election, as a director.</p>	<p>The following checks are undertaken prior to the appointment of a new director:</p> <ol style="list-style-type: none"> 1. Australian Federal Police; 2. bankruptcy; and 3. background and character.
<p>Recommendation 1.2 (b) A listed entity should provide securityholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>At every Annual General Meeting, some non-executive directors will be eligible for election or re-election based on the provisions of Growthpoint Properties Australia Limited Constitution.</p> <p>All securityholders who are entitled to attend and vote at the Annual General Meeting are provided with material information in relation to any directors standing for election/re-election including:</p> <ul style="list-style-type: none"> • relevant qualifications, experience and the skills contributed to the Board; and • eligibility for election and re-election based on the election and re-election rules of the Company's Constitution.

Recommendation	Group response/practice
<p>Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>All non-executive directors have formal agreements governing their appointment which include:</p> <ul style="list-style-type: none"> • remuneration (including any superannuation entitlements); • expectations in relation to attending Board and Committee meetings and other directorships, if any; • procedures in relation to potential and actual conflicts of interests and related party transactions; • ability to access to independent advice (at the company's expense); and • requirement to comply with the company policies. <p>The sole executive director has a formal agreement governing his employment which includes:</p> <ul style="list-style-type: none"> • remuneration (including any superannuation entitlements); • expectations in relation to attending Board and Committee meetings and other directorships, if any; and • procedures in relation to potential and actual conflicts of interests and related party transactions. <p>All other senior executives have formal agreements governing their employment which includes remuneration.</p>
<p>Recommendation 1.4: The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>The Company Secretary reports directly to the Board (via the Chairman) in relation to corporate governance and the proper functioning of the Board and each board Committee.</p> <p>In the year ended 30 June 2015, the Chairman and the Company Secretary were in regular contact in relation to corporate governance matters but no formal reviews were undertaken.</p> <p>The Chairman proposes to undertake a formal review of the Company Secretary in relation to corporate governance matters not less than twice during the year ending 30 June 2016.</p>
<p>Recommendation 1.5 (a): A listed entity should have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them.</p>	<p>The Board has established a Diversity Policy, a copy of which is available at the Group's website: http://growthpoint.com.au/uploads/pdf/GOZ-Diversity-Policy-13-08-15.pdf</p> <p>The following measurable objectives for achieving gender diversity were in place up to 30 June 2015:</p> <ol style="list-style-type: none"> 1. seeking to appoint at least one female director to the Board; 2. providing work experience opportunities to female graduates and undergraduates in order to encourage greater female involvement and participation in the property industry; 3. the selection team for the recruitment of any employee will be obliged to encourage and appropriately advertise for applications from women and men, to consider male and female candidates and to interview at least one credible female candidate and one credible male candidate for any available position; and 4. female employees and other women are to be invited to our events and activities to assist them to build relationships in and with the Group and the property industry. <p>From 13 August 2015, the Board added the following as additional objectives:</p> <ol style="list-style-type: none"> 5. at least one female as part of its senior management team by 2020; 6. achieving a gender diverse workforce which, by 2020, will not be less than 30% female; and 7. having at least two female directors on the Board by 2020.
<p>Recommendation 1.5 (b): A listed entity should disclose that policy or a summary of it.</p>	<p>The Diversity Policy is available at the Group's website: http://growthpoint.com.au/uploads/pdf/GOZ-Diversity-Policy-13-08-15.pdf</p>

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Recommendation 1.5 (c):
A listed entity should disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them and either the respective proportions of men and women on the board, in senior executive positions and across the whole organisation.

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

1. the Group appointed its first female director, Maxine Brenner, in March 2012 and she remains a director;
2. the Group employed a female property undergraduate student from RMIT University on a part-time/casual role as an Assistant Property Analyst in April 2015;
3. the selection team interviewed at least one credible female candidate and one credible male candidate for most vacant positions, (except for the position of executive assistant for which no male candidates applied) and, as a result, four new female employees were appointed, one of which is at managerial level;
4. the Group continued to focus on ensuring employees engage and network with females working in and for the property industry particularly with leading women at Jones Lang LaSalle, CBRE and Herbert Smith Freehills; and
5. the Group has not appointed any female in senior management as at the date of this report.

The application process for a work experience opportunity for female graduates/ undergraduates and post-graduates is available at the Group's website:
<http://growthpoint.com.au/about/careers/work-experience-for-female-graduates/>

As at the date of this report:

1. approximately 17% of non-executive directors are women (one out of six), an increase from 14% at the date of the last report¹; and
2. approximately 38% of the Group's employees (six out of sixteen) are women, one of whom is in management.

As stated in its Diversity Policy, the Group is seeking to increase the number of women in all levels of the Group over time.

Percentage of women across the group

Level of Role	% Women 2015	% Women 2014
Non-Executive Directors	17% ¹	14%
Executive Management ²	0%	0% ⁴
Other Management ³	25%	0%
Other Employees	57%	23%

Recommendation 1.6 (a):
A listed entity should have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors.

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

For the year ending 30 June 2016, the following process is expected to be undertaken:

1. The Chairman will meet with each non-executive director individually to discuss the Board's (including Board committees) and each individual's performance.
2. After meeting with each of the directors, the Chairman will prepare a report for the Board in relation to the Board's (including Board committees) performance.
3. All Directors will meet without any employees present to discuss the Chairman's report.
4. The Chairman, or the Board as a whole, may consider obtaining independent advice to assist in assessing the performance of the Board (including Board committees).

Recommendation 1.6 (b):
A listed entity should disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

In a departure from the above, the Board met in November 2014 to review its performance and the Chairman was given primary responsibility for following-up matters raised.

No dedicated performance review was undertaken of Board committees or individual directors.

Recommendation 1.7 (a):
A listed entity should have and disclose a process for periodically evaluating the performance of its senior executives.

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

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

The Chairman proposes to undertake a formal review of the Company Secretary in relation to corporate governance matters not less than twice during the year ending 30 June 2016.

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<p>Recommendation 1.7 (b):</p> <p>A listed entity should disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The performance review of the Managing Director took place in early May 2015.</p> <p>Performance reviews for senior executives occurred in November 2014 and March 2015.</p> <p>In the year ended 30 June 2015, the Chairman and the Company Secretary were in regular contact in relation to corporate governance matters but no formal reviews were undertaken.</p> <p>The Chairman proposes to undertake a formal review of the Company Secretary in relation to corporate governance matters not less than twice during the year ending 30 June 2016.</p>
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Principle 2: Structure the board to add value

<p>Recommendation 2.1:</p> <p>The Board of a listed entity should have a nomination committee which:</p> <ul style="list-style-type: none"> • has at least three members and a majority of whom are independent directors; and • is chaired by an independent director, <p>and disclose:</p> <ul style="list-style-type: none"> • the charter of the committee; • the members of the committee; and • as at the end of each reporting period, the number of times the Committee met through the period and the individual attendances of the members at the meeting. 	<p>The Board has established a Nomination, Remuneration and HR Committee. A copy of the Charter of the Nomination, Remuneration and HR Committee is available at the Group's website:</p> <p>http://growthpoint.com.au/uploads/pdf/Nomination-Remuneration-HR-11Feb2010.pdf</p> <p>The Nomination, Remuneration and HR Committee comprises three members, all of whom are non-executive directors and a majority of whom are independent directors. The Chair of the Committee, Norbert Sasse, is the Chief Executive Officer of the Group's major securityholder, Growthpoint Properties Limited, and is therefore not deemed to be an independent director. The Board has determined that Norbert Sasse's appointment as the Chair of the Nomination, Remuneration and HR Committee is appropriate having regard to:</p> <ol style="list-style-type: none"> 1. the reason for Norbert Sasse not being deemed to be independent (i.e. his role as CEO of the Group's major securityholder) is unlikely to have any adverse impact, from securityholders' perspective, on his role in recommending and determining remuneration; 2. the interest of Growthpoint Properties Limited wanting to ensure executives are remunerated appropriately and in a manner which maximises securityholder value aligns with the interests of all securityholders; and 3. the Committee comprises a majority of independent directors including the independent Chairman of the Board. <p>The Nomination, Remuneration and HR Committee has sought independent remuneration advice from a remuneration consultant from PwC.</p> <p>The following table sets out the number of Nomination, Remuneration and HR Committee meetings held during the year ended 30 June 2015 and the attendance of each director:</p>
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Names	Meetings eligible to attend	Attendance
Norbert Sasse	5	5
Francois Marais	5	5
Geoffrey Tomlinson	5	5
Lyndsay Shaddock ⁵	2	1
Timothy Collyer ⁶	0	5

<p>Recommendation 2.2:</p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	<p>Refer to page 53 of the 2015 Annual Report for more details on the Board's skills as at the date of that report.</p>
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<p>Recommendation 2.3 (a):</p> <p>A listed entity should disclose the names of the directors considered by the board to be independent directors.</p>	<p>The Group's Independent Directors are:</p> <ul style="list-style-type: none"> • Geoffrey Tomlinson • Maxine Brenner • Grant Jackson • Francois Marais • Lyndsay Shaddock³
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Recommendation	Group response/practice
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Recommendation 2.3 (b):

A listed entity should disclose if a director has an interest, position, association or relationship of the type described above but the Board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion.

Francois Marais has connections to the Group's major securityholder, Growthpoint Properties Limited, as its independent chairman. Mr Marais' role is performed in an independent capacity and, as a result, the Board does not believe that it impacts on his ability to carry out his role as independent director of the Board.

Recommendation 2.3 (c):

A listed entity should disclose the length of service of each director.

The following directors were appointed effective from:

Directors	Date of Appointment
Lyndsay Shaddock ⁵	5 August 2009
Estienne De Klerk	5 August 2009
Grant Jackson	5 August 2009
Francois Marais	5 August 2009
Norbert Sasse	5 August 2009
Timothy Collyer	12 July 2010
Maxine Brenner	19 March 2012
Geoffrey Tomlinson	1 September 2013

Recommendation 2.4:

A majority of the Board of a listed entity should be independent directors.

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

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

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

Francois Marais is considered to be an independent director of the Group, notwithstanding that he is also the independent chairman of the Group's major security holder, Growthpoint Properties Limited. Mr Marais joined the Board as an independent director on 5 August 2009 and has, since that time, exercised objective and independent judgement in relation to Group matters and in Board deliberations. The Board continues to be satisfied that Mr Marais is able to bring independent judgement to bear on issues before the Board and that he will continue to act in the best interests of the Group and its security holders generally. Accordingly, the Board does not consider that Mr Marais' relationship with the Group's major security holder has compromised his independence as a director of the Group.

Recommendation 2.5:

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same as the chief executive officer of the entity.

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

Recommendation	Group response/practice
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<p>Recommendation 2.6: A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>Any new director appointed to the Board is provided with an induction primarily in relation to policies, corporate governance, compliance, risk management, continuous disclosures, corporate structure and operations.</p> <p>Regular training is provided in relation to compliance, legislation changes, accounting standards and property matters to the Board.</p>
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Principle 3: Act ethically and responsibly

<p>Recommendation 3.1 (a): A listed entity should have a code of conduct for its directors, senior executives and employees.</p>	<p>The Board has established a code of conduct for all directors and employees of the Group.</p>
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<p>Recommendation 3.1 (b): A listed entity should disclose that code or a summary of it.</p>	<p>Refer to a copy of the Code of Conduct which is available at the Group's website: http://growthpoint.com.au/uploads/pdf/GOZ-Code-of-Conduct-Dec-14.pdf</p>
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Principle 4: Safeguard integrity in financial reporting

<p>Recommendation 4.1: The Board of a listed entity should have an audit committee which:</p> <ul style="list-style-type: none"> has at least three members, all of whom are non-executive directors and a majority of independent directors; is chaired by an independent chair, who is not chair of the board; and disclose: the charter of the committee; the relevant qualifications and experience of its members; and the number of times the committee met throughout the period and the individual attendances of the members of those meetings. 	<p>The Board has established an Audit, Risk and Compliance Committee.</p> <p>The Audit, Risk and Compliance Committee comprises four members, all of whom are non-executive directors and a majority of whom are independent directors.</p> <p>The Chair of the Audit, Risk and Compliance Committee, Maxine Brenner, is an independent director and is not the Chairman of the Board.</p> <p>The Board has established a formal charter for the Audit, Risk and Compliance Committee. The charter is available at the Group's website: http://growthpoint.com.au/uploads/pdf/Audit-and-Risk-Compliance-Committee-Charter-15-08-2013.pdf</p> <p>Refer to pages 52-54 of the 2015 Annual Report for more details in relation to the qualifications and experience of the Audit, Risk and Compliance Committee's members.</p> <p>The following table sets out the number of Audit, Risk and Compliance Committee meetings held during the year ended 30 June 2015 and the number attended by each director.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Names</th> <th style="text-align: center;">Meetings eligible to attend</th> <th style="text-align: center;">Attendance</th> </tr> </thead> <tbody> <tr> <td>Maxine Brenner</td> <td style="text-align: center;">4</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Grant Jackson</td> <td style="text-align: center;">4</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Estienne De Klerk</td> <td style="text-align: center;">4</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Geoffrey Tomlinson</td> <td style="text-align: center;">4</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Timothy Collyer⁷</td> <td style="text-align: center;">0</td> <td style="text-align: center;">4</td> </tr> </tbody> </table>	Names	Meetings eligible to attend	Attendance	Maxine Brenner	4	4	Grant Jackson	4	4	Estienne De Klerk	4	4	Geoffrey Tomlinson	4	4	Timothy Collyer ⁷	0	4
Names	Meetings eligible to attend	Attendance																	
Maxine Brenner	4	4																	
Grant Jackson	4	4																	
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Geoffrey Tomlinson	4	4																	
Timothy Collyer ⁷	0	4																	

Recommendation	Group response/practice
<p>Recommendation 4.2:</p> <p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its Chief Executive Officer and Chief Financial Officer, a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>The Board received assurance from the Managing Director (being the person acting in the capacity as chief executive officer) and the Chief Financial Officer that the declaration provided in relation to the consolidated accounts of the Group is in accordance with section 286 of the <i>Corporations Act 2001</i> (Cth) based on a sound system of risk management, internal controls and compliance with accounting standards.</p> <p>Based on this assurance, the Board formed the view that the financial records had been properly maintained and that the Group has a sound system of risk management and internal controls in place which are operating effectively.</p>
<p>Recommendation 4.3:</p> <p>A listed entity that has an Annual General Meeting should ensure that its external auditor attends the same and is available to answer queries from securityholders relevant to the audit.</p>	<p>The Group's auditor, KPMG, attends the Company's Annual General Meeting each year.</p>
<p>Principle 5: Make timely and balanced disclosure</p>	
<p>Recommendation 5.1(a):</p> <p>A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules.</p>	<p>The Group has established a number of policies designed to ensure compliance with ASX Listing Rule disclosure requirements including "Continuous Disclosure, Media and Public Comments Policy", "Delegations of Authority Policy", "Communications Procedure" and "Rapid Response Policy and Procedure"</p> <p>The policies referred to above ensure:</p> <ol style="list-style-type: none"> 1. full and timely disclosure to the ASX; 2. procedures are in place to ensure the Group identifies information required to be disclosed to the ASX and that such information is disclosed in a clear and factual manner; 3. external presentations, media releases and other public statements are reviewed internally and, where necessary, released to the ASX in advance of being provided to third parties (unless an ASX Listing Rule exception applies); 4. the ability of persons to make public comment is clearly delineated to certain nominated persons, primarily the Managing Director, Norbert Sasse and Estienne de Klerk on behalf of the Company; 5. where an external statement has not been signed off by the Board, it is signed off by a nominated delegate of the Board; and 6. all directors and employees are aware of their obligations to ensure that the Group complies with the ASX Listing Rules and of the limits of their respective authority. <p>As the Growthpoint Properties Limited is the major shareholder of Growthpoint Properties Australia Limited and the major unitholder of Growthpoint Properties Australia Trust, the Board has resolved that the Group's employees may provide certain confidential information to Growthpoint Properties Limited on request subject to several exceptions including where the Board directs otherwise and where the disclosure would breach any law (including the ASX Listing Rules). Growthpoint Properties has, among other things, agreed to ensure it complies at all times with the requirements of Australian law (including the ASX Listing Rules).</p>
<p>Recommendation 5.1(b):</p> <p>A listed entity should disclose that policy or a summary of it.</p>	<ol style="list-style-type: none"> 1. The Continuous Disclosure, Media and Public Comments Policy sets out procedures for ensuring the Group achieves best practice in complying with its disclosure obligations under the Corporations Act, ASX Listing Rules and any other rules or regulations which may be applicable. 2. The Board has approved a Delegations of Authority Policy under which authority for certain matters have been delegated to nominated directors and executives of the Group (key terms are summarised in the Group's response to 1.1(b) above). 3. The Communications Procedure sets out authority on delegated limits of authority to the Managing Director and employees in relation to dealing with incoming correspondence (including emails, phone calls, letters) from regulators, the press, financiers and investors (retail and institutional). 4. The Rapid Response Policy and Procedure sets out the processes to be used by the Company Secretary (the Managing Director in his or her absence or the Chairman or the next most senior available director if both are unavailable) in unusual or emergency circumstances such as an unsolicited takeover, natural disaster or sudden potential significant loss of income.

Recommendation	Group response/practice
Principle 6: Respect the rights of shareholders	
<p>Recommendation 6.1:</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>The Group provides a range of information about itself and its governance on its website including:</p> <ol style="list-style-type: none"> 1. the Group's strategy and philosophy; 2. the structure of the Group 3. role of the Board of Directors; 4. details of the Board and Executive Management; 5. the role of the Audit, Risk and Compliance Committee; 6. description of the Compliance Plan; 7. the role of the Nomination Remuneration and HR Committee; 8. the Group's compliance with the reporting and disclosure obligations under the listing rules and Corporations Act; 9. the Group's Securities Trading Policy; 10. how to make a complaint; 11. the details of the external auditor; 12. the Group's commitment to diversity; 13. the Group's corporate directory; and 14. details on career opportunities within the Group.
<p>Recommendation 6.2:</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two way communication with investors.</p>	<p>The Group continues to communicate with securityholders through:</p> <ol style="list-style-type: none"> 1. a webcast following the release of half year and annual results where management explain results and respond to questions raised by analysts and institutional investors in real time. Retail investors can send questions in writing prior to the presentation and these will be answered during the presentation; 2. a dedicated email address info@growthpoint.com.au has been established where queries or complaints from investors can be directed; 3. regular investor presentations and investor tours across Australian cities and overseas are undertaken; and 4. in addition to the Annual Report and the Half Yearly Report, investor updates are sent to all securityholders in May and October each year. <p>There are opportunities for management and auditors to respond to queries from securityholders at the Annual General Meeting.</p>
<p>Recommendation 6.3:</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of securityholders.</p>	<p>Securityholders are invited to attend the Annual General Meeting either in person or by proxy. securityholders attending the meeting are invited to ask questions or comments at or prior to the Annual General Meeting.</p> <p>To improve investor communications, the Annual General Meeting will be webcast from November 2015. securityholders who are unable to attend the Annual General Meeting in person, will be able to view the meeting online at their convenience. Any securityholder may provide questions or comments they would like addressed at the meeting via email prior to the meeting.</p>
<p>Recommendation 6.4:</p> <p>A listed entity should give securityholders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>Securityholders may elect (by email, letter or phone) to receive, free of charge, a printed copy of the annual report or alternatively receive investor communications by email.</p>

Recommendation	Group response/practice
Principle 7: Recognise and manage risk	
<p>Recommendation 7.1 (a):</p> <p>The Board of a listed entity should have a committee or committees to oversee risk which:</p> <ul style="list-style-type: none"> • has at least three members, a majority of whom are independent directors; • is chaired by an independent director; <p>and disclose:</p> <ul style="list-style-type: none"> • its charter of the Committee; • its members of the Committee; and • as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings. 	<p>The Board has established an Audit, Risk and Compliance Committee. Refer to the website link in relation to the Audit, Risk and Compliance Committee under corporate governance section of the Group's website: http://growthpoint.com.au/about/corporate-governance/</p> <p>The Audit, Risk and Compliance Committee is primarily responsible for the review of the effectiveness of the risk management and internal control process.</p> <p>The Audit, Risk and Compliance Committee comprises four members, all of whom are non-executive directors and a majority of whom are independent directors.</p> <p>The Chair of the Audit, Risk and Compliance Committee during the whole period to which this report relates, Maxine Brenner, is an independent director.</p> <p>The Board has also established a Risk Management Policy during the financial year 2015.</p> <p>The Audit, Risk and Compliance Committee meets four times a year.</p> <p>Refer to the Group's response to recommendation 4.1 above for further details.</p>
<p>Recommendation 7.2(a):</p> <p>The Board or a committee of the Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound.</p>	<p>The Audit, Risk and Compliance Committee provides oversight for the Group in relation to key risks although ultimate responsibility remains with the Board.</p> <p>The Board approves a risk management framework annually formulated by management and the Audit, Risk and Compliance Committee.</p> <p>During each half year, the Audit, Risk and Compliance Committee reviews the changes made to management's report regarding:</p> <ol style="list-style-type: none"> 1. the control activities and status of the control activities for the top ten assessed risks; and 2. the key performance indicators and their respective achievements. <p>The Managing Director provides a quarterly report to the Board in relation to risks and opportunities for the business.</p> <p>Prior to the end of each half year period, the Audit, Risk and Compliance Committee reviews changes to the risk management framework formulated by management and the Audit, Risk and Compliance Committee. These changes are recommended by the Audit, Risk and Compliance Committee for the Board's approval in November each year.</p> <p>The Group's external auditor, currently KPMG, reviews the Group's risk management framework not less than annually and reports to the Audit, Risk and Compliance Committee on its suitability.</p>
<p>Recommendation 7.2(b):</p> <p>The Board or a committee of the Board should disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>The reviews referred to in clause 7.2 (a) were undertaken in the manner set out above during the year ended 30 June 2015.</p>

Recommendation	Group response/practice
<p>Recommendation 7.3(a): A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs.</p>	<p>The Audit, Risk and Compliance Committee has approved the introduction of an internal audit function based on an internal audit plan prepared by external consultants, Deloitte, effective from 1 July 2015.</p> <p>The factors considered and steps undertaken as part of this approval were:</p> <ol style="list-style-type: none"> 1. consideration of staffing model and size of the organisation; 2. reporting responsibilities; 3. the completion of a risk assurance map assessment involving management, the Audit, Risk and Compliance Committee and the external consultants, Deloitte; 4. an Internal Audit Plan prepared by external consultants, Deloitte; and 5. the planning and execution of the audit work including a system to monitor and follow up on audit recommendations. <p>The Audit, Risk and Compliance Committee has agreed that the internal audit function be carried out internally by the Group's Compliance and Risk Manager. The internal audit activity will be independent and the internal auditor will be objective while undertaking the activity.</p> <p>Internal audit will provide assurance to management and the Audit, Risk and Compliance Committee on issues such as:</p> <ol style="list-style-type: none"> 1. the effectiveness of regulatory compliance systems; 2. the accuracy of the essential components of the financial assets and liabilities which form part of the Group's consolidated financial position; 3. the effectiveness of internal controls and potential occurrence of fraud; 4. the adherence to company's policies and procedures by employees; 5. whether internally produced information is reliable; and 6. whether the company is compliant with relevant corporate governance requirements.
<p>Recommendation 7.3(b): A listed entity should disclose if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>No internal audit was in place for the financial year ended 30 June 2015.</p> <p>The major control and reporting system in place for the financial year ended 30 June 2015 included:</p> <ol style="list-style-type: none"> 1. monthly monitoring of financial and non-financial requirements under the Australian Financial Services Licence; 2. monthly monitoring of financial and non-financial requirements of the Custodian (under self-custody); 3. quarterly monitoring of financial and non-financial undertaking conditions under the Group's lending facilities; 4. financial risk assessments of all major tenants on a half-yearly basis; 5. monthly monitoring of insurance claims; 6. risk monitoring on a quarterly basis to determine status of control activities undertaken; 7. quarterly monitoring of the Trust's Compliance Plan; 8. annual review of key service providers; and 9. independent audit review of the Australian Financial Services Licence, Compliance Plan and financial statements. <p>The Compliance and Risk Manager oversees the compliance framework within which the Group operates and reports on its adequacy, effectiveness and any exceptions identified:</p> <ol style="list-style-type: none"> 1. on a monthly basis to the Board via a board report; and 2. on a quarterly basis to the Managing Director, Company Secretary and the Audit, Risk and Compliance Committee.

Recommendation	Group response/practice
<p>Recommendation 7.4:</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Group has in place a risk management framework to:</p> <ol style="list-style-type: none"> 1. identify, prioritise and assess the severity and impact of risks; 2. control, mitigate and reduce risks; and 3. ensure that key performance indicators are met. <p>A Risk Identification Committee comprising management, members of the Audit, Risk and Compliance Committee and from time to time directors and external advisers meet not less than twice a year to consider and review the material risks faced by the Group.</p> <p>The Group has identified the following material potential economic risks:</p> <ol style="list-style-type: none"> 1. inability to refinance debt at maturity on reasonably acceptable commercial terms; 2. material regulatory and legal non-compliance; 3. significant weakening of property valuations; 4. material loss of personnel; 5. prolonged property vacancies due to weakened tenancy demand; and 6. growing too fast for resource base. <p>Each year, the Audit, Risk and Compliance Committee reviews the management's reports regarding:</p> <ol style="list-style-type: none"> 1. the control activities and status of the control activities for the key assessed risks; and 2. the key performance indicators for each risk. <p>Following the implementation of the risk management control reviews, all of the above economic risks were reduced to a rating of "Moderate". This rating implies that the likelihood occurrence of these risks are classified either as "unlikely" or "rare".</p> <p>The Group has also identified the following environmental and social sustainability risks:</p> <ol style="list-style-type: none"> 1. environmental degradation and hazardous waste; 2. health and safety issues; and 3. building obsolescence. <p>The Group has established a dedicated "Sustainability Task Force" to focus on achieving improved environmental, social and governance performance.</p>

Principle 8: Remunerate fairly and responsibly

<p>Recommendation 8.1:</p> <p>The Board of a listed entity should have a remuneration committee which:</p> <ul style="list-style-type: none"> • has at least three members, a majority of whom are independent directors; • is chaired by an independent director; <p>and disclose:</p> <ul style="list-style-type: none"> • the charter of the committee; • the members of the committee; and • at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings. 	<p>The Nomination, Remuneration and HR Committee comprises three members, all of whom are non-executive directors and a majority of whom are independent directors. The Chair of the Committee, Norbert Sasse, is the Chief Executive Officer of the Group's major securityholder, Growthpoint Properties Limited, and is therefore not deemed to be an independent director. The Board has determined that Norbert Sasse's appointment as the Chair of the Nomination, Remuneration and HR Committee is appropriate having regard to:</p> <ol style="list-style-type: none"> 1. the reason for Norbert Sasse not being deemed to be independent (i.e. his role as CEO of the Group's major securityholder) is unlikely to have any adverse impact, from securityholders' perspective, on his role in recommending and determining remuneration; 2. the interest of Growthpoint Properties Limited wanting to ensure executives are remunerated appropriately and in a manner which maximises securityholder value aligns with the interests of all securityholders; and 3. the Nomination, Remuneration and HR Committee comprises a majority of independent directors. <p>The Board has established a charter for the Nomination, Remuneration and HR Committee which is available at the Group's website:</p> <p>http://growthpoint.com.au/uploads/pdf/Nomination-Remuneration-HR-11Feb2010.pdf</p> <p>The Nomination, Remuneration and HR Committee has sought independent remuneration advice from a remuneration consultant, PwC.</p> <p>The following table sets out the number of Nomination, Remuneration and HR Committee meetings held during the year ended 30 June 2015 and the attendance of each director:</p> <table border="1" data-bbox="470 1814 1268 2020"> <thead> <tr> <th>Names</th> <th>Meetings eligible to attend</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>Norbert Sasse</td> <td>5</td> <td>5</td> </tr> <tr> <td>Francois Marais</td> <td>5</td> <td>5</td> </tr> <tr> <td>Geoffrey Tomlinson</td> <td>5</td> <td>5</td> </tr> <tr> <td>Lyndsay Shaddock⁵</td> <td>2</td> <td>1</td> </tr> <tr> <td>Timothy Collyer⁶</td> <td>0</td> <td>5</td> </tr> </tbody> </table>	Names	Meetings eligible to attend	Attendance	Norbert Sasse	5	5	Francois Marais	5	5	Geoffrey Tomlinson	5	5	Lyndsay Shaddock ⁵	2	1	Timothy Collyer ⁶	0	5
Names	Meetings eligible to attend	Attendance																	
Norbert Sasse	5	5																	
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Geoffrey Tomlinson	5	5																	
Lyndsay Shaddock ⁵	2	1																	
Timothy Collyer ⁶	0	5																	

Recommendation	Group response/practice
<p>Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Refer to pages 58-67 of the 2015 Annual Report for details of non-executive remuneration. Refer to pages 58-67 of the 2015 Annual Report for more details of executive director remuneration. Refer to pages 58-67 of the 2015 Annual Report for more details of executive remuneration.</p>
<p>Recommendation 8.3 (a): A listed entity which has an equity-based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p>	<p>Under the Group's Securities Trading Policy, employees are not authorised to enter into a transaction that will limit the economic risk of securities allocated under the employee share plan within the period those securities remain unvested or subject to other restrictions under the terms of the plan.</p>
<p>Recommendation 8.3 (b): A listed entity which has an equity-based remuneration scheme should disclose that policy or a summary of it.</p>	<p>Refer to pages 64-66 of the 2015 Annual Report for details of Growthpoint's employee share plan.</p>

Footnotes

1. The increase from 30 June 2014 to 30 June 2015 was solely due to the departure of a male director who was not replaced.
2. "Executive Management" means the Managing Director, Company Secretary/General Counsel, Chief Financial Officer and Head of Property.
3. "Other Management" means persons undertaking a management role typically shown by having "Manager" or "Counsel" in their job title.
4. In 2014 the Group incorrectly disclosed the percentage of women in Executive Management as 25%.
5. Lyndsay Shaddock retired from the Board on 26 November 2014.
6. As Managing Director, Timothy Collyer, has a standing invitation to all committee meetings, unless its members determine otherwise, but is not a member of the Nomination Remuneration and HR Committee. Mr Collyer is not present for any part of meetings which consider his remuneration except to answer questions from the Committee.
7. As Managing Director, Timothy Collyer, has a standing invitation to all committee meetings, unless its members determine otherwise, but is not a member of the Audit, Risk and Compliance Committee.