



Corporate Governance Statement

2019

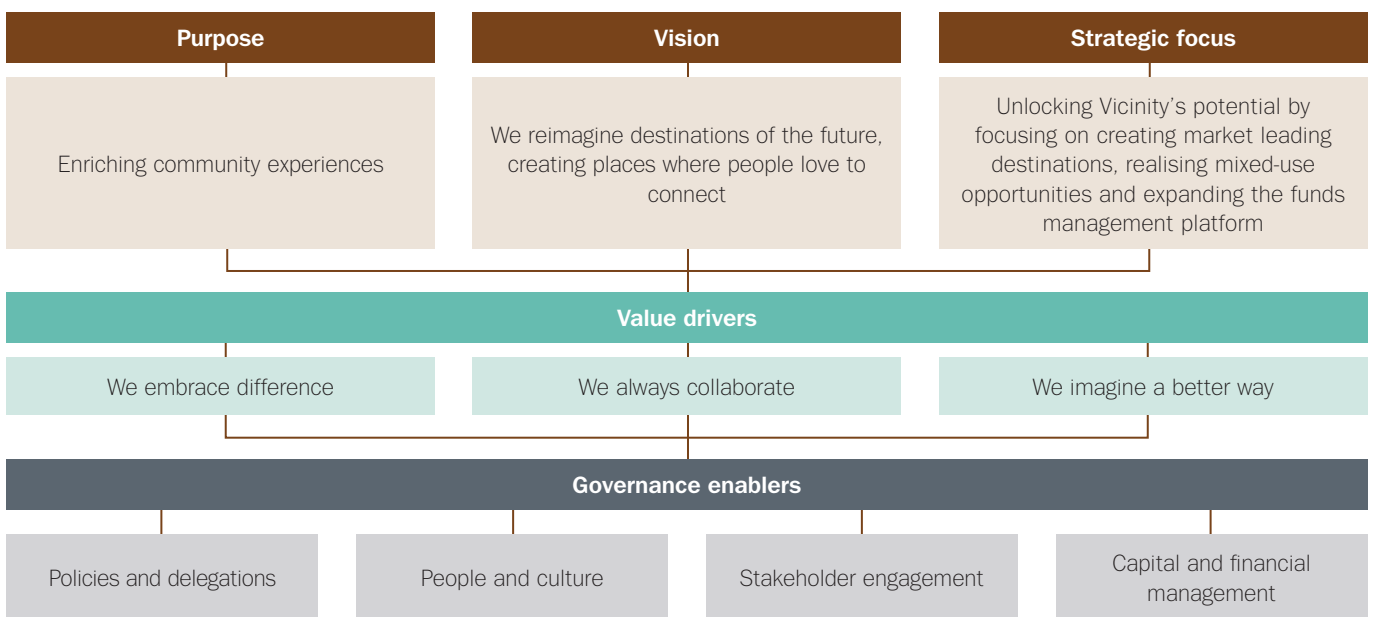
01 Our approach to governance

In this Corporate Governance Statement references to 'Vicinity', 'Group', 'us', 'we' or 'our' refer to Vicinity Centres and its controlled entities. Vicinity Centres (**Vicinity**) comprises Vicinity Limited (the **Company**) and Vicinity Centres Trust (the **Trust**) which are stapled together and trade on the Australian Securities Exchange (**ASX**) under the code 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 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



Vicinity strives to ensure that it meets high standards of governance in everything it does. 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 FY19, Vicinity's corporate governance framework was consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX CGC Principles**) (3rd edition). In addition, Vicinity has outlined in this statement where it has early adopted some of the new or revised recommendations that form part of the 4th edition of the ASX CGC Principles.

All references in this statement to the ASX CGC Principles are to the 3rd edition unless otherwise indicated.

This statement is current as at 14 August 2019 and has been approved by the Board.

This statement and Vicinity's key governance policies and charters are available in the corporate governance section of our website.



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 2019 Annual Report located in the 'Financial Results' section of Vicinity's website: vicinity.com.au/investor-centre/financial-results



References materials available on Vicinity's website: 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 wholesale fund 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.

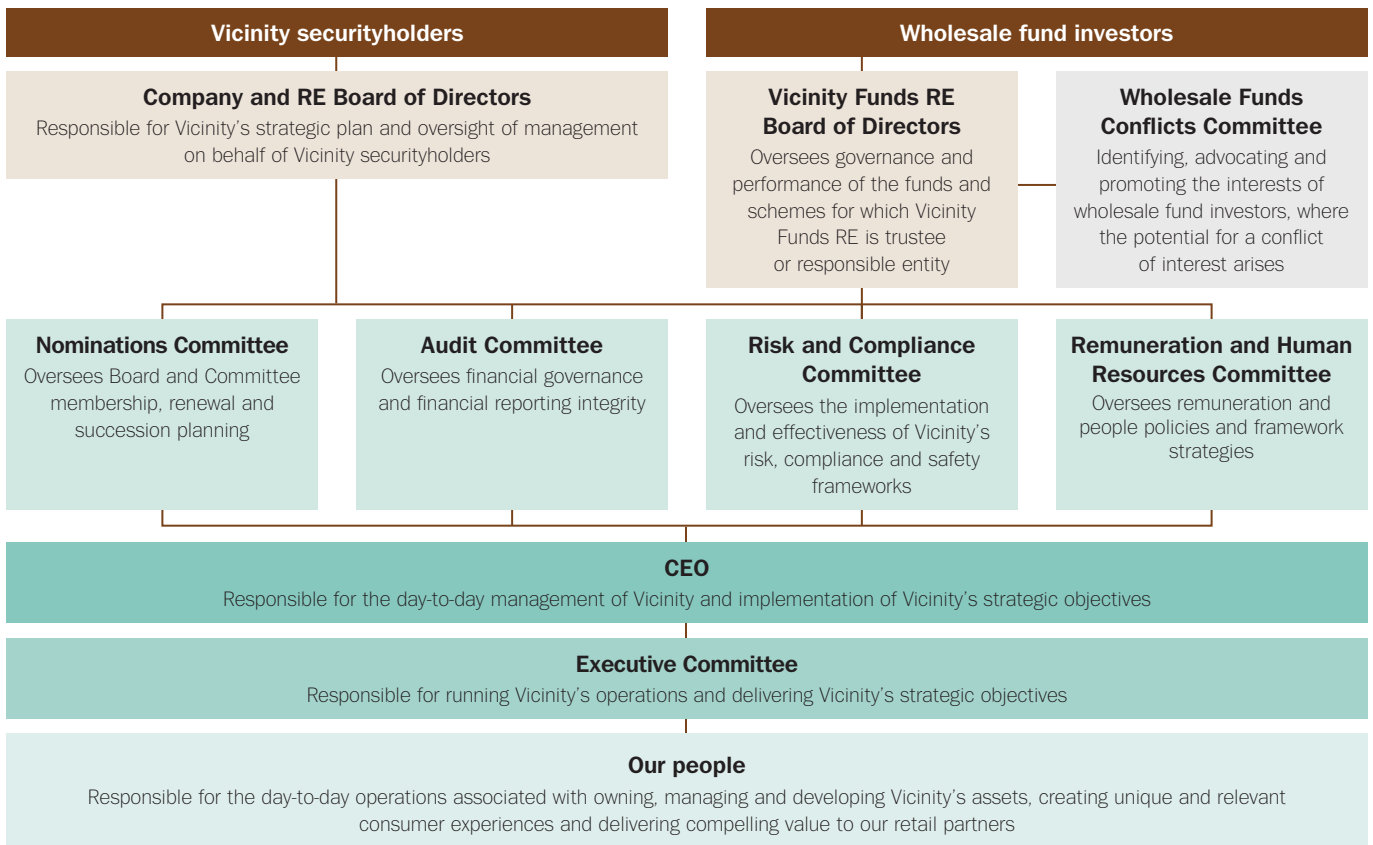
Full details of the responsibilities and functions reserved for the Board are set out in the Board charter, as recommended by the 4th edition of the ASX CGC Principles.



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

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

C – Chairman, M – Member

Although it was announced to the ASX on 24 April 2019 that Mr Peter Kahan will assume the role of Chairman following the release of Vicinity's FY19 full year results on 14 August 2019, he is currently on a leave of absence. Mr Peter Hay, who has served as Chairman since Vicinity's inception in June 2015, has agreed to be Acting Chairman, and Mr Trevor Gerber has agreed to be Acting Chairman of the Remuneration and Human Resources Committee, until Mr Kahan's return.

Mr Kahan has been a non-executive Director of Vicinity since June 2015. Further details of Mr Kahan's appointment as Chairman were announced to the ASX on 24 April 2019, and a copy of that announcement is available on Vicinity's website.

The number of Board and Committee meetings attended by the Directors during FY19 is set out in the Directors' Report forming part of Vicinity's Annual Report.

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 and the interests that the Directors have disclosed.

All non-executive Directors, including the Chairman of the Board and the Chairman elect, have been assessed as independent non-executive Directors for FY19, other than Dr David Thurin and Mr Clive Appleton who are connected with The Gandel Group, a major securityholder, at the date of this statement. Accordingly, and given the CEO, Mr Grant Kelley is not considered independent as an executive, seven out of the ten Directors are independent non-executive Directors.

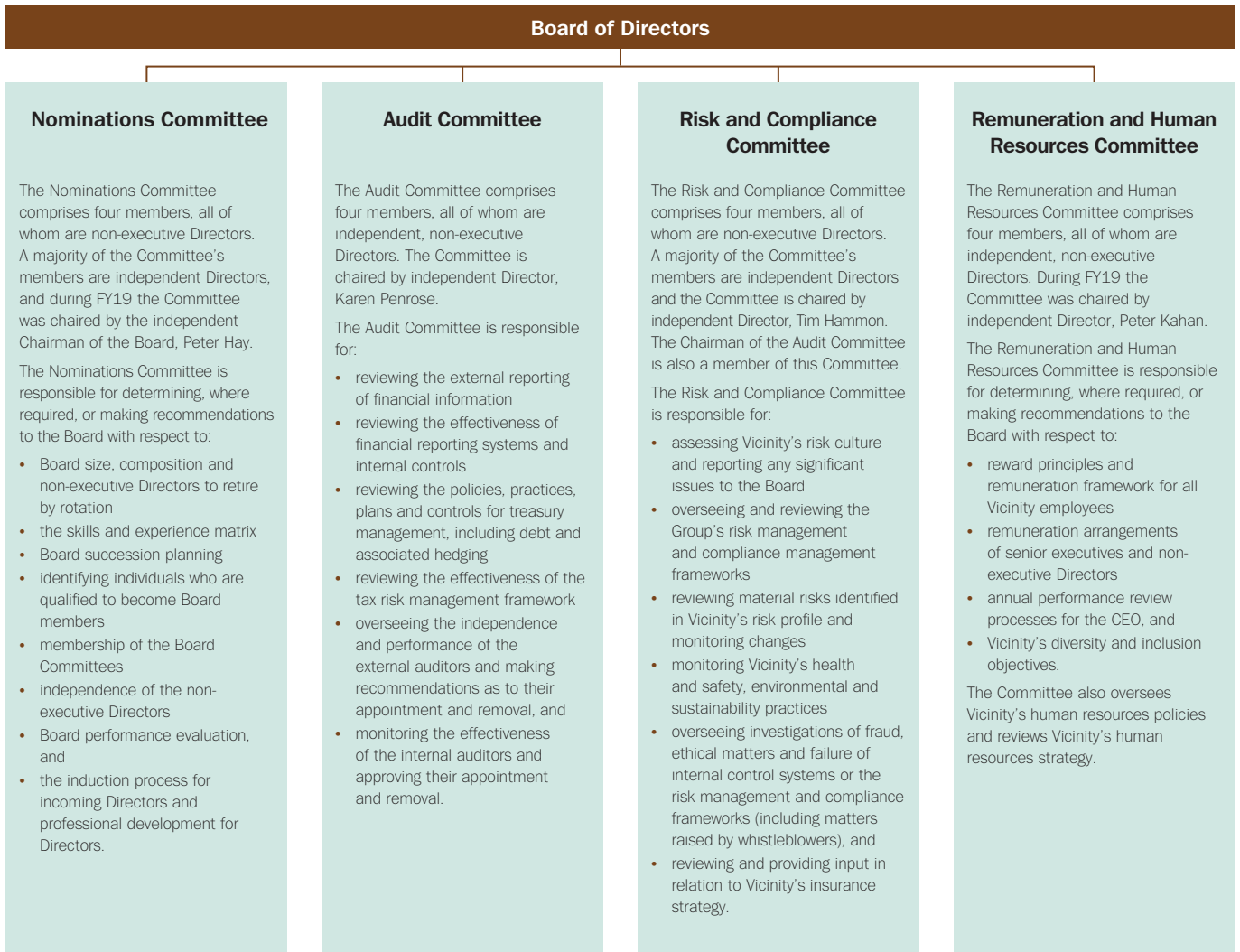
^a This table displays the composition of the boards of the Company, the RE and Vicinity Funds RE.

^b 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 eight. 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. Each Committee operates under a charter approved by the Board and all Directors have a standing invitation to attend Committee meetings. 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 Chairmen provide reports to the next Board meeting with respect to the items of business considered by the relevant Committee. The Committees provide recommendations to the Board as required.

Membership of each Committee is outlined at page 4 and the relevant qualifications, experience and other directorships of each Director is available on Vicinity's website.

 vicinity.com.au/about-us/our-board

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.

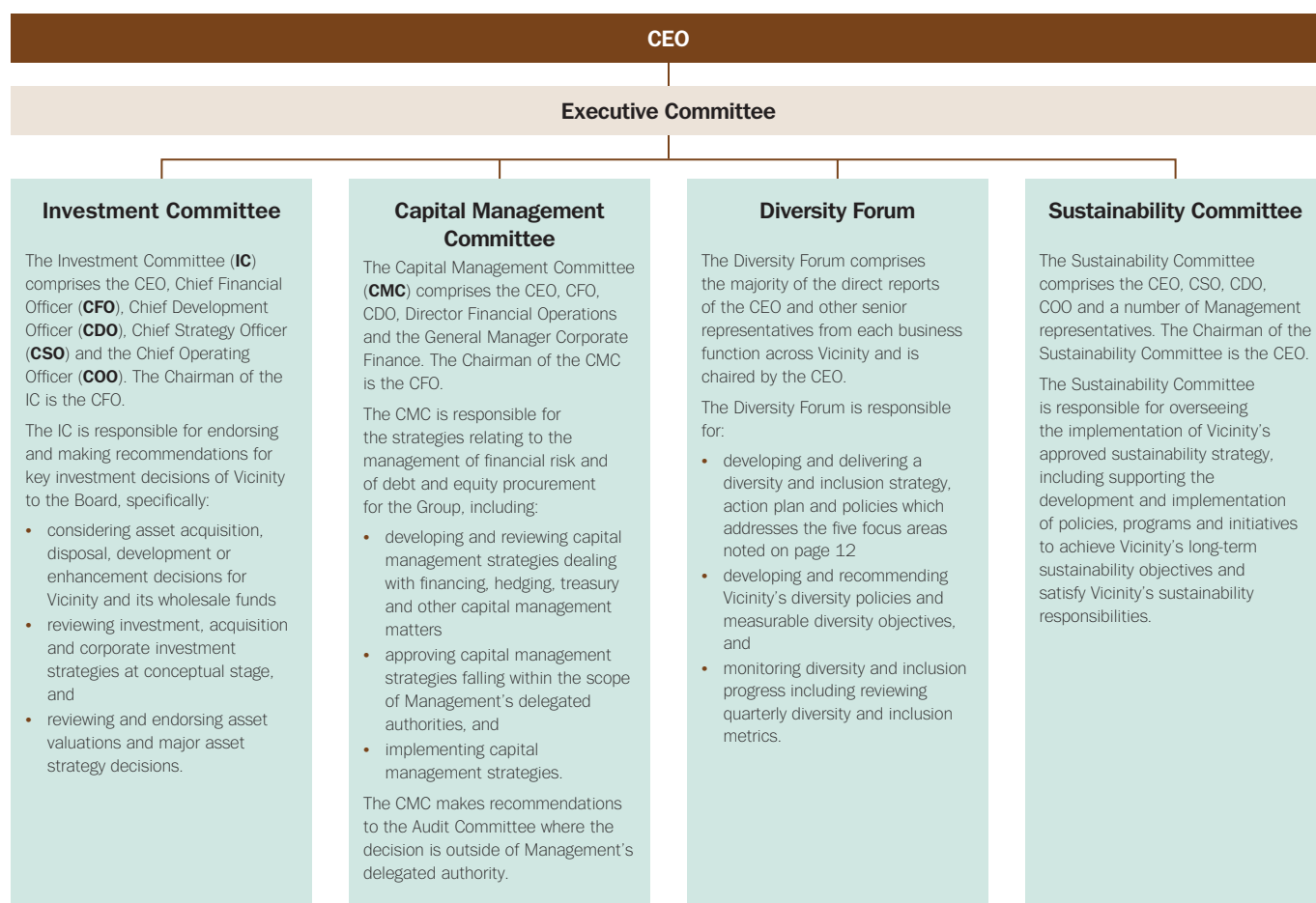
Delegations framework

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 the smooth running of the Board and the Committees, communications with the ASX, overseeing and maintaining Vicinity's corporate governance framework and ensuring all governance matters and procedures 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 Company Secretaries and General Counsel for advice and information on governance matters.



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 annual 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. 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 Wholesale Funds Conflicts Committee (**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 is required 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, retailers 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 monitored by Management and reviewed by the Board or Risk and Compliance Committee as appropriate annually in accordance with their respective charters, and were reviewed during FY19.

As recommended by the commentary to recommendation 7.2 of the 4th edition of the ASX CGC Principles, Vicinity's Risk Management Framework also considers relevant contemporary and emerging risks based on processes and procedures that Management have in place to identify and assess those risks.

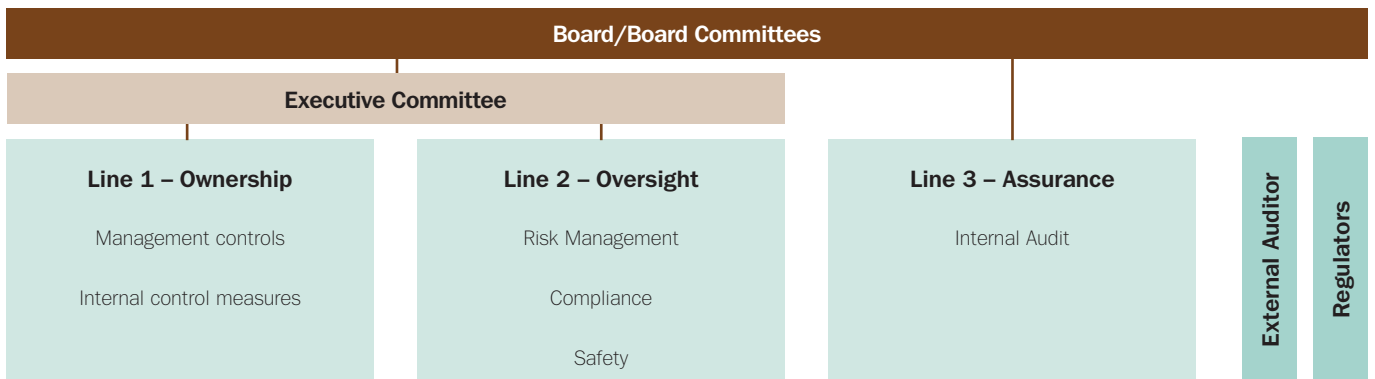
At each half and full year reporting period, the Board receives assurance from Management as to the existence of a sound system of risk management and internal control. Management provided this attestation in August 2019 at the time of approval of the 2019 Financial Report. The Risk and Compliance Committee receives quarterly risk governance reports in accordance with Vicinity’s risk management framework, which are made available to all Directors. These reports also capture any new and emerging risks.

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 appropriately managed 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, 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 Material Sustainability Risks (including physical and transition climate change risks^c), how we manage or intend to manage those risks and our progress are disclosed in the ‘our management of risk’ section of our 2019 Annual Report and on our website^d.

[Our management of risk page 22](#)

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

vicinity.com.au/sustainability

Figure 6



c Vicinity manages and discloses our climate related risks in accordance with the TCFD framework on our website at <http://sustainability.vicinity.com.au/improving-our-environment/climate-resilience/learn-more/#climate-resilience>
 d Material Sustainability Risks and opportunities are disclosed on our website at <http://sustainability.vicinity.com.au/governance/#materiality>

04 People and Culture

Appointment of Board and Executive Committee members

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 (**background checks**) 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 entered into by the Directors personally (as recommended by the 4th edition of the ASX CGC Principles), 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.

As recommended by the 4th edition of the ASX CGC Principles, Vicinity also undertakes background checks of EC members before their appointment is effective and each EC member has entered into an executive services agreement with Vicinity in their personal capacity.

Director induction and ongoing education

Vicinity has a tailored 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 each year and to meet with Management to gain a better understanding of business operations.

Vicinity arranges briefings or director education sessions facilitated by Management or external advisers to ensure Directors keep abreast of changes in relevant legislation, regulation, governance practices and the environment in which Vicinity operates. During FY19, the Board undertook an overseas study tour linked closely to Vicinity's strategic pillars.

Performance review and Board renewal

In FY19, the Board undertook its annual performance review including 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.

Mr Clive Appleton commenced as a Director in September 2018. Further details of Mr Appleton's credentials were announced to the ASX on 31 August 2018, a copy of which is available on Vicinity's website. As noted on page 4 of this statement, Mr Kahan will succeed Mr Hay as Chairman of the Board following a leave of absence.



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 2019 after consideration by the Nominations Committee 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 effectively as set out in Figure 7.

Director skills and experience matrix

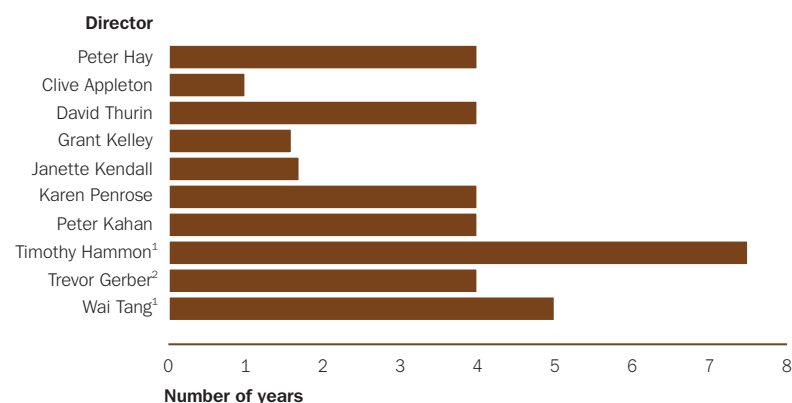
Figure 7

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	7	7	10	9	8	10	10	9	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

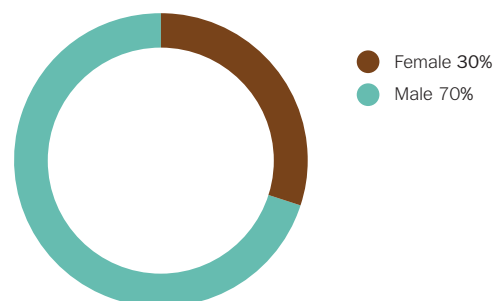
Vicinity Board tenure 2019

Figure 8



Vicinity Board gender diversity FY19

Figure 9




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. See Table 1 page 4 for their appointment dates.

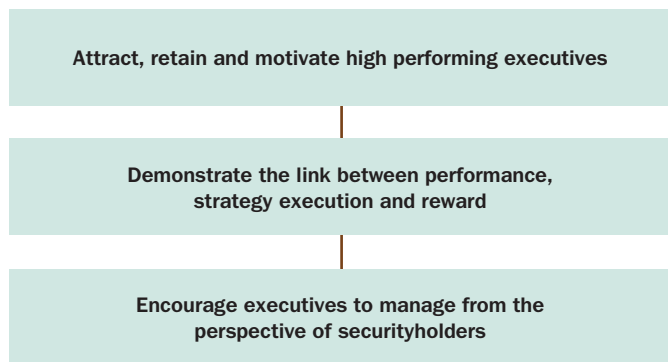
2 This period includes Mr Gerber's tenure as an alternate Director of the Company. See note b page 4.

Remuneration framework

The objective of Vicinity’s remuneration framework is to build capability by attracting, retaining and engaging a talented executive team capable of managing and enhancing the business, while aligning their actions with securityholder interests. Vicinity’s remuneration framework that was in place throughout FY19 is detailed in the Remuneration Report in our 2019 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:



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

Minimum independent non-executive Director securityholdings

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 above, Directors have limited opportunities to acquire securities and are 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 the CEO and other members of the EC to build and retain a minimum holding of securities equal to 100% and 60% of Total Fixed Remuneration respectively within five years. Deferred short-term incentives and long-term incentives count toward the holding level.


Evaluating performance of Management

Throughout FY19, all employees, including Management, participated in a mandatory performance evaluation process which included the setting of objectives and measures. All employees participated in mid year and end of year performance conversations and a mandatory performance evaluation, including an assessment of Vicinity’s values and behaviours, 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 and Human Resources 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, strategy portfolio, leadership, governance 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 FY19 are set out in the Remuneration Report within our 2019 Annual Report.

 [Remuneration Report page 58](#)

Culture and values

At Vicinity our culture and values are central to creating unique experiences for our customers, delivering value for our retail partners and driving the performance of our teams.

Vicinity has the following values which guide its culture:



Underpinning each value is a set of behaviours which drive our culture and define the way we conduct business. Our values and behaviours are embedded into our performance and reward frameworks.

In FY20, Vicinity’s values will be reviewed to ensure they remain relevant and aligned with Vicinity’s desired culture state.

Diversity and inclusion

Vicinity aims to reflect the local community in our workplaces and destinations. We believe in the strength of a diverse workforce where the backgrounds, perspectives and experience of our people help us deliver better business outcomes. We also believe in an inclusive working environment which is agile, performance-driven and leverages diversity to create competitive advantage.

Diversity and inclusion at Vicinity is governed by a diversity and inclusion framework. Vicinity’s Diversity Forum 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 the Remuneration and Human Resources Committee on a periodic basis.

During FY19, delivery of diversity initiatives was supported by internal working groups which meet monthly and monitor diversity actions, targets and programs.

In FY19, Vicinity became a member and active participant in key external advocacy bodies including Pride in Diversity, Australian Network on Disability and Inclusive Australia (in addition to our existing membership with the Diversity Council of Australia). Our commitment to diversity from an Indigenous perspective is detailed in our Reconciliation Action Plan (**RAP**) which is managed by Vicinity’s RAP Working Group. Vicinity’s 2nd RAP was launched on 28 May 2019.

In FY19, Mr Kelley continued to be a member 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. Vicinity also became a Signatory to UN Women’s Empowerment Principles and continued to be recognised as a global leader in gender equality in the Equileap Global Top 200.

Our systems and processes enable our commitment to diversity and inclusion and we ensure that our people practices uphold our commitment. These practices include and are not limited to:

- **Code of Conduct:** a diverse and inclusive culture can only flourish in an environment that does not tolerate discrimination, harassment, vilification and victimisation. Vicinity’s Code of Conduct specifically addresses our expectations of all our employees in how they conduct themselves. See page 7 for further information on the Code.

- **Recruitment:** we aim to recruit from as wide a talent pool as possible. Our Recruitment Policy expects all recruitment practices are free of bias and we ensure both gender diverse shortlists and interview panels are in place for all roles. We set these same expectations with our recruitment partners.
- **Talent, succession planning and development:** through our biannual talent and succession review process, we review for gender balance and check for any potential broader bias. We also review gender for participation in our leadership and learning development programs.
- **Performance and remuneration:** the annual performance review process incorporates and measures values and behaviours, and gender bias is also considered. An annual gender pay equity review is conducted in addition to gender bias being considered in all remuneration decisions.
- **Culture:** we track the engagement of our team members and people leaders by gender and by key data dimensions e.g. work/life blend and inclusion.

Vicinity has recently reviewed its gender diversity target which commenced in FY19. The new target set by the Board aims for 40% female, 40% male and 20% either gender (40:40:20) across each of the Workplace Gender Equality Agency (**WGEA**) categories and organisational levels by the end of FY23, instead of FY21 as previously proposed. This timeframe was extended after reviewing progress made to date. All targets remain subject to vacancies arising.

While gender targets are on track at Board, EC and people leader level, females are underrepresented at senior leader and senior manager levels. Additionally, there is an over-representation of women in non-managerial roles.

Details of the initiatives implemented in FY19 towards the delivery of the 40:40:20 gender targets are detailed in Table 2.

Table 2

Action	What we’ve achieved
Widening the talent pool	<ul style="list-style-type: none"> • Vicinity’s Recruitment Policy was revised in FY19 to reflect Vicinity’s commitment to gender diversity. A requirement of the new policy is that shortlists for roles must be gender diverse and that candidates are interviewed by both female and male Vicinity team members.
Reducing bias	<ul style="list-style-type: none"> • Unconscious Bias training is delivered face-to-face to all new people leaders as part of their induction and is available online to all team members. • ‘Credosity’ software is used by the Talent Acquisition team to identify gender bias in recruitment.
Supporting the career advancement of women	<ul style="list-style-type: none"> • Vicinity has invested in the Chief Executive Women’s Leadership Program for 10 high potential senior women over the past three years. Additionally, parental leave coaching has been offered to senior women throughout their parental leave period to ensure a successful transition in and out of the business. • 13 high potential female people leaders completed a women’s career development program in FY19 through an external organisation, Inkling Women.
CEO scorecard delivery of Diversity strategy	<ul style="list-style-type: none"> • Grant Kelley’s FY19 scorecard included delivery and implementation of the Diversity and Inclusion Strategy.

A targeted gender action plan to deliver on our 40:40:20 targets has been developed and is in the process of being implemented. Actions include delivering specific recruitment, promotion, succession and retention initiatives to increase gender diversity in areas of the organisation which are underrepresented by either gender, and increasing inclusive leadership capability and behaviours across all leadership levels. Actions will be supported by ongoing analysis and regular reporting against Vicinity's gender targets.

An annual diversity and inclusion survey was conducted in October 2018. Results from the diversity survey demonstrated high levels of understanding and engagement with diversity and inclusion. In addition, Vicinity also conducted an anonymous demographic survey in October 2018 to understand how the workforce mirrored the Australian demographic landscape. Results found an extremely close mirroring of the Australian demographic for culture, heritage, religion, household and carers with opportunities identified to increase the representation of LGBTIQ+ and employees with a disability. The demographics survey is scheduled to be undertaken on a biennial basis.

As a relevant employer, Vicinity reports to the WGEA and has been assessed as compliant in the 2018-2019 reporting period. Additionally, Mr Kelley continued as a WGEA Pay Equity Ambassador. Vicinity's WGEA report (including progress against the WGEA Gender Equality Indicators) can be viewed at <http://sustainability.vicinity.com.au/media/9605488/vicinity-centres-wgea-report-2019.pdf>



sustainability.vicinity.com.au/media

Whistleblowing at Vicinity

Vicinity's whistleblower 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 guidelines provide for all reports to be investigated discreetly and, provided any report of wrongdoing is made on reasonable grounds, Vicinity will take reasonable steps to protect a whistleblower. Vicinity will not tolerate any form of harassment, victimisation of, or retaliation against persons who report a wrongdoing. As recommended by the 4th edition of the ASX CGC Principles, Vicinity reports any material incidents under the guidelines to the Risk and Compliance Committee. In addition, the guidelines have been updated to comply with the recently passed whistleblower legislation and the 4th edition of the ASX CGC Principles.

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.

As recommended by the 4th edition of the ASX CGC Principles, as a matter of good governance, Vicinity promptly provides its Directors with copies of all material market announcements made to the ASX to ensure that the Board has visibility of the nature, frequency and quality of the information being disclosed to the ASX.

Keeping our securityholders informed

As recommended by the 4th edition of the ASX CGC Principles, Vicinity's Investor Relations team coordinates an investor relations program that facilitates effective two-way 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, EY, attends the AGM to answer any questions about the conduct of the audit and the content and preparation of the audit report. Those securityholders that do not attend can view and hear the AGM live from a webcast available on Vicinity's website. The AGM is also recorded and available for viewing at any time on Vicinity's website. In addition, as recommended by the 4th edition of the ASX CGC Principles, all substantive resolutions at the AGM are decided by a poll rather than by a show of hands
- 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
- each six months, to coincide with the release of the annual and half year financial statements and reports, Vicinity hosts an associated briefing by Management. 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. Shortly after the live event, the webcast is also available on Vicinity's website for replay, and

- as recommended by the 4th edition of the ASX CGC Principles, Vicinity releases any new and substantive investor or analyst presentations to the ASX ahead of the presentation, which are then subsequently placed on Vicinity's website.

Management meets with investors throughout the year. Typically, meetings follow the release of our annual and half year results or other material announcements and 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 daily.



vicinity.com.au/investor-centre

Electronic communication with securityholders

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

Vicinity provides information about itself and its governance to its securityholders via its website which is regularly updated and contains:

- announcements made to the ASX
- current key financial information and Annual Reports
- investor and broker presentations
- correspondence from the Chairman or CEO sent to all securityholders, including copies of AGM Notices of Meeting
- a corporate governance area with links to key corporate governance policies, the constitutions of the Company and the Trust and the Board and Committee charters
- biographical details of Directors and Vicinity's EC
- Vicinity's values
- sustainability activities and achievements
- key dates and events, and
- current and archived webcasts of annual and half year results briefings and AGMs.

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
- to diversify Vicinity's debt sources and derivative counterparties to mitigate counterparty credit risk, and
- ensure financial risk management activities are performed in an appropriate controlled environment with effective systems and procedures.

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 the 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 independent external auditor.

CEO and CFO declarations

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 an equivalent declaration 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 Australian Accounting Standards and the Act 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.

EY is the 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 EY attends Vicinity's 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 lead audit partner every five years
- half-yearly confirmation by the auditor that it has satisfied all professional regulations relating to auditor independence, and
- half-yearly reporting on the level of audit and non-audit services.

The lead audit partner will rotate at the completion of the FY19 audit.

Internal auditor

Vicinity has adopted a co-sourced internal audit model comprising an internal resource and an external service provider that is appointed by the Audit Committee. The Internal Audit function reports operationally to Finance Operations and functionally, has a joint reporting line to the Director Financial Operations and Audit Committee. Internal Audit provides independent assurance and has no direct authority or responsibility for the activities it reviews.

Progress against the annual internal audit plan and status of the implementation of agreed internal audit recommendations are reported and presented to the Audit Committee on a quarterly basis. In addition to the quarterly meeting with the Audit Committee with and without other members of Management present, the Head of Internal Audit (external provider) has direct access to the Chairman of the Board, CEO and Managing Director and the Chairman and other members of the Audit Committee, as required.