



# **Audit Committee Charter**

**6 August 2008**

## **1 Purpose**

- 1.1 The Audit Committee (Committee) has been established by resolution of the Board of Directors of the Goodman Group (Group). By a resolution of the Board of Goodman Funds Management Limited as responsible entity of the Goodman PLUS Trust, the mandate of the Audit Committee has been expanded to include the Goodman PLUS Trust.
- 1.2 The Committee is also hereby empowered to act as the Audit Committee of any of the wholly owned entities with the Group. A reference in this document to Goodman is a reference to either or both the Goodman Group or the Goodman PLUS Trust, as the context requires. A reference in this document to the Board is a reference to either or both Boards of these entities, as the context requires.
- 1.3 The purpose of the Committee is to assist the Board of Directors fulfil its legal and corporate governance responsibilities in relation to:
- Financial reporting principles and policies, controls and procedures;
- (i) The integrity of the Goodman's financial statements and the independent external auditor thereof, and the Goodman's compliance with legal and regulatory requirements thereto.
  - (ii) The audit functions and committees of any entity within the Goodman.
  - (iii) Any due diligence and prudential supervision procedures required by regulatory bodies.

## **2 Exclusions**

- 2.1 The Committee is not responsible for:
- (i) related party transactions (except to the extent they are disclosed in the statutory accounts);
  - (ii) risk management;
  - (iii) compliance; and
  - (iv) corporate insurance.

### **3 Authority**

- 3.1 The Committee may consider any matter which falls within the roles and responsibilities delegated to it by the Board, notwithstanding that the particular matter(s) may be been previously referred to and considered by another Board committee.
- 3.2 Subject to any resolution of the Board, the Committee has the power delegated by the Board to do all things necessary to perform its duties and fulfil its purpose including:
- (i) To approve principles, policies, strategies, processes and control frameworks for the management of audit matters; and
  - (ii) To sub-delegate its powers and discretions to executives of the Goodman, with or without the power to delegate further.
- 3.3 The Committee shall have unlimited access to the:
- (i) Executives of the Goodman;
  - (ii) external auditors; and
  - (iii) internal auditors.
- 3.4 Access to records and information
- 3.4.1 The Committee will have access to:
- (i) all of an entity's financial records;
  - (ii) all of a Scheme's financial records, (such as those of Goodman Industrial Trust and Goodman PLUS Trust) including those financial records provided by agents appointed by the Goodman to perform functions in respect of the Scheme; and
  - (iii) the appointed auditor of the Scheme.
- 3.4.2 The Committee shall have the ability to consult independent experts where it considers such consultation necessary to carry out its duties.

### **4 Duties and responsibilities**

The duties and responsibilities of the Committee are described below.

#### **4.1 External auditors**

- 4.1.1 Select, evaluate and replace the external auditor as necessary.
- 4.1.2 Review and agree the annual audit engagement letter.
- 4.1.3 Review the annual audit plan and approve the fees charged for audit and review services.
- 4.1.4 Determine the categories of non-audit services that may be provided by the external auditor.

- 4.1.5 Provide pre-approval or otherwise of all non-audit services that are to be undertaken by the external auditor.
  - 4.1.6 Ensure disclosure to securityholders of the Committee's approval of all non-audit services provided by the external auditor.
  - 4.1.7 Review and provide oversight of audit reports prepared and issued by the external auditors on Goodman financial statements and activities.
  - 4.1.8 Consider and review reports prepared by the external auditor on critical accounting policies, all alternative treatments of financial information permitted under Australian Accounting Standards and US GAAP and the International Financial Reporting Standards (where relevant) and all other written communication between the external auditor and management.
  - 4.1.9 Resolve any disagreements between the external auditor and management regarding the Goodman's financial reporting.
  - 4.1.10 Discuss with the external auditors any relationship that may impact their objectivity and independence.
  - 4.1.11 Ensure that the external auditors prepare and deliver an annual statement as to their independence which includes details of all relationships with the Goodman.
  - 4.1.12 Annually review the effectiveness of the auditor.
- 4.2 Financial reporting**
- 4.2.1 Receive from management and the external auditors a timely analysis of significant financial reporting issues and practices and review such analyses.
  - 4.2.2 Discuss the audited/reviewed financial statements, earnings press releases, other financial information being made public, any significant matters arising from the audit, management judgments and accounting estimates, and significant changes to the Goodman's auditing and accounting principles, policies, controls, procedures and practices with management and external audit.
  - 4.2.3 Discuss the critical accounting policies with external audit and management.
  - 4.2.4 Review the certification provided by the Goodman Chief Executive Officer and the Goodman Chief Financial Officer on annual and half-yearly financial reports and review the processes that were used to reach the opinion provided in the certification.
  - 4.2.5 Ensure the financial statements include disclosure covering governance issues in accordance with the requirements of regulators;
  - 4.2.6 Review the form of opinion that the external auditors propose to render.

### **4.3 Due Diligence**

- 4.3.1 Discuss any reports prepared in relation to issues of securities, hybrid securities, debt securities or other instruments requiring the issue of a prospectus or offer document, where that prospectus or offer document is issued by the Goodman.
- 4.3.2 Discuss reports on the Goodman prepared for prudential supervisors or other regulators.
- 4.3.3 Consider any reports prepared by external auditors in relation to the above due diligence procedures.

### **4.4 Corporate governance**

- 4.4.1 Review the minutes of any other Audit Committees within the Goodman and respond to issues raised as appropriate.
- 4.4.2 Develop and promulgate rules on the employment by the Goodman of members of the external audit firm.
- 4.4.3 Ensure that the Goodman had adopted a code of ethics that is applicable to the Chief Financial Officer(s) and other senior financial officers.

### **4.5 Other**

- 4.5.1 Refer to the Risk Management and Compliance Committee, in writing, any matters that have come to the attention of the Audit Committee that are relevant to the Risk Management and Compliance Committee.
- 4.5.2 Refer to the Remuneration and Nomination Committee, in writing, any matters that have come to the attention of the Audit Committee that are relevant to the Remuneration and Nomination Committee.
- 4.5.3 Refer to the Independent Directors' Committee, in writing, any matters that have come to the attention of the Audit Committee that are relevant to the Independent Directors' Committee.
- 4.5.4 Ensure appropriate procedures exist for the receipt, retention and treatment of complaints received on accounting, internal accounting controls or auditing matters, and the confidential anonymous submission by employees of concerns regarding questionable accounting or auditing matters or any other matters raised by such employees.
- 4.5.5 Discuss with management and the external auditor any correspondence with regulators or government agencies and any published reports which raise material issues or could impact on matters regarding the Goodman's financial statements or accounting policies.
- 4.5.6 Discuss with the Goodman's General Counsel legal matters that may have a material impact on the financial statements or the Goodman's compliance with regulatory policies.

4.5.7 Ensure there is a continuing education program in place for Directors of the Committee.

## **5 Committee membership**

### **5.1 Membership**

5.1.1 The Committee shall at all times be comprised of at least three (3) members.

5.1.2 All members of the Committee shall be Non-Executive Directors. A majority of the members shall at all times be independent.

5.1.3 Confirmation will be sought that all independent directors satisfy the criteria for independence set down in the Corporations Act.

5.1.4 Committee members shall be appointed by the Board from amongst its members. Prior to the appointment of any member, the Board will seek confirmation that the proposed member has the necessary knowledge and skills to perform their duties and obligations.

5.1.5 All members of the Committee shall be financially literate.

5.1.6 At least two (2) members of the Committee must have accounting or related financial management expertise or equivalent experience and qualifications.

5.1.7 The Chair of the Committee will be appointed by the Board and shall be an independent Non-Executive Director. The Chair of the Committee shall not also be the Chair of the Board.

5.1.8 An independent member of the Committee must notify the Company Secretary immediately of any change in circumstances that may result in them no longer being able to meet the criteria for independence. The Board may, after considering the change in circumstances, require the resignation of the member.

5.1.9 Any vacancy in the Committee shall be filled within three (3) months.

### **5.2 Replacement**

5.2.1 If a Committee member resigns, is removed, becomes unable to act, or ceases to be an independent member so that:

- (i) there would be less than 3 Committee members; or
- (ii) the majority of the Committee members would not be independent members,

Then the Goodman's Board of Directors must, if the Corporations Act requires and within the time prescribed by the Corporations Act, appoint another person to the position.

5.2.2 A person may not be appointed to the Committee unless they consent to the appointment.

## **5.3 Removal**

- 5.3.1 The Goodman's Board may terminate the appointment of a Committee member immediately by written notice if any of the following occurs:
- (i) The Committee member ceases to be qualified to be an independent member of the Committee within the meaning of the Corporations Act or any ASIC policy statement, practice note or direction.
  - (ii) The Committee member is absent from any meeting of the Committee without the agreement of the Chairman.
  - (iii) The Committee member becomes bankrupt.
  - (iv) The Committee member becomes, in the Goodman's Board's reasonable opinion, of unsound mind or a person who is, or whose estate is, liable to be dealt with in any way under the act relating to mental health.
  - (v) The Committee member is convicted of a criminal offence.
  - (vi) The Committee member conducts their duties under this appointment or any other activity conducted by the Committee member in a manner which the Goodman's Board reasonably considers to be unprofessional or unethical.
  - (vii) The Committee member breaches any term or condition of their appointment.
- 5.3.2 A Committee member may resign from the Committees by giving (3) months' notice in writing to the Committee, or such shorter period of notice as the Goodman's Board allows.

## **5.4 Retirement**

- 5.4.1 A Committee member may retire by giving three (3) months notice to the Committee and the Goodman's Board of Directors.

## **5.5 Alternates**

- 5.5.1 A Committee member may nominate a person to be their alternate member. If the Committee member is an independent member, the alternate must qualify as an independent member. Any alternate Committee member must be a person acceptable to the Goodman's Board of Directors.

# **6 Meetings**

## **6.1 Chair**

- 6.1.1 The Goodman's Board of Directors may appoint a Chair for a Committee meeting or for a term, and terminate that appointment at any time. If no Chair is so appointed or present at a meeting, the Committee members present may elect a Chair for the meeting. The Chair must be an independent member.
- 6.1.2 Subject to the Corporations Act, the Chair may determine the manner in which a meeting of the Committee members will be regulated.

6.1.3 The decision of the Chair on any matter relating to the conduct of a meeting is final.

## **6.2 Adjournment**

6.2.1 The Chair has power to adjourn a meeting for any reason to such place and time as he/she thinks fit.

## **6.3 Attendees**

6.3.1 A standing invitation to attend Committee meetings is available to the following individuals:

- (i) the Chair of the Goodman Board;
- (ii) any Director of the Goodman;
- (iii) Goodman Chief Executive Officer;
- (iv) regional Chief Executive Officers;
- (v) Goodman Chief Financial Officer;
- (vi) Goodman General Counsel;
- (vii) scheme Auditor; and
- (viii) any invitee of the Goodman or of the Committee.

## **6.4 Quorum**

6.4.1 The quorum for a meeting of Committee members is two (2) members, one (1) of whom must be an independent Committee member. If a quorum is not present within 15 minutes after the time set for the meeting, the meeting is adjourned to such place and time as the Committee members present decide. They must tell the other Committee members of the time and place.

## **6.5 Secretary**

6.5.1 The Secretary of the Committee shall be the Company Secretary or their designated representative.

## **6.6 Minutes, reports and recommendations**

6.6.1 The Notice and Agenda of Meeting shall be circulated at least three (3) days prior to the scheduled meeting date.

6.6.2 The Chair must ensure that minutes of Committee meetings and records of its reports and recommendations are kept, and a copy of any of them signed by the Chair is taken to be a true record unless the contrary is proved. The minutes and records must be available to the Committee, the directors of the Goodman, the Scheme Auditor and the external auditor.

6.6.3 The Secretary shall circulate the minutes of all meetings of the Committee to Board members within seven days of the meeting date.

6.6.4 The minutes of the Committee are reported to the Goodman Board at the next Board meeting after the Committee has met. Recommendations from the Committee are put to the Goodman Board as resolutions for the Board to consider and, if thought fit, pass.

## **6.7 Meeting frequency**

6.7.1 The Committee must meet at least four (4) times a year and more frequently if necessary.

6.7.2 The Committee shall meet at least once a year with the external auditors without the presence of the Company's management.

## **6.8 Meeting method**

6.8.1 The Committee meetings may be held using any technology agreed by all the Committee members, for example, Internet relay chat or video or voice conference.

## **6.9 Convening meetings**

6.9.1 Any Committee member may convene a meeting of the Committee on five (5) business days notice or such shorter time as the other Committee members agree. If a Committee member does not receive notice (including if notice was accidentally omitted to be given to them) the meeting is not invalidated.

## **6.10 Voting on issues**

6.10.1 Voting at a meeting of Committee members is by simple majority. The Chair has a casting vote. No objection may be made to any vote cast unless the objection is made at the meeting.

6.10.2 A resolution shall be considered passed if:

- (i) There is a majority of votes passed in favour of the resolution during a meeting of the Committee.
- (ii) There is agreement in writing by a majority of the Committee members entitled to participate in the decision.

## **6.11 Indemnification of members**

6.11.1 Subject to the Corporations Act, Goodman may agree that a Committee member is to be indemnified by Goodman (itself or through a related entity).

## **6.12 Insurance of members**

6.12.1 Subject to the Corporations Act, Goodman or a related body corporate (directly or through a related entity) may pay or agree to pay a premium in respect of a contract of insurance insuring a Committee member.



### **6.13 Remuneration of members**

- 6.13.1 The Committee members are entitled to such remuneration as the Goodman's Board determines from time to time.

## **7 Self-assessment**

- 7.1 The Committee shall assess its effectiveness annually, with a view to ensuring that its performance is within the spirit of the ASX Corporate Governance Principles and Recommendations, as updated from time to time and accords with Best Practice.
- 7.2 The Committee's Charter shall be reviewed annually and any proposed amendments referred to the Goodman's Board as required.

## **8 Board approval**

- 8.1.1 This Charter was approved by a Goodman Board resolution dated 23 February 2005.