



**Goodman Group
Risk and Compliance Committee**

6 August 2008

1 Purpose

- 1.1 The Risk and Compliance Committee (Committee) has been established by resolution of the Board to act as the Committee for the Goodman Group (Group) or any entity or entities within the Group as appropriate from that time and the Goodman PLUS Trust (GMP).
- 1.2 The purpose of the Committee is to assist the Board of Directors fulfil its corporate governance and oversight responsibilities in relation to:
- (i) internal risk management systems;
 - (ii) business continuity planning and support processes;
 - (iii) external compliance audit functions; and
 - (iv) internal compliance systems.
- 1.3 The Committee provides a structured reporting line for Goodman's risk assurance and compliance functions and also provides a formal forum for communication between the Board of Directors and risk and compliance management of Goodman.

1.4 Definitions

- 1.4.1 Board means the boards of Goodman Limited and Goodman Funds Management Limited as responsible entity of the Goodman Industrial Trust (together the board of the Goodman Group) and the board of Goodman Funds Management Limited as responsible entity of the Goodman PLUS Trust.
- 1.4.2 Compliance Plan means a compliance plan for a registered managed investment scheme, as required by section 601EA of the Corporations Act 2000.
- 1.4.3 Goodman means either or both the Goodman Group or Goodman PLUS Trust, as the context requires.
- 1.4.4 Group means Goodman Group, which is comprised of Goodman Limited (ACN 000 123 071) and Goodman Funds Management Limited (ACN 067 796 641) (AFSL 223621) as responsible entity for Goodman Industrial Trust (ARSN 091 213 839).
- 1.4.5 Responsible Entity means Goodman Funds Management Limited (ACN 067 796 641) (AFSL 223621).
- 1.4.6 Scheme means Goodman Industrial Trust (ARSN 091 213 839) or Goodman PLUS Trust (ARSN 128 290 808). Scheme's means both the Goodman Industrial Trust and Goodman PLUS Trust.

2 Exclusions

- 2.1 The Committee is not responsible for financial reporting obligations.

Goodman Group Risk and Committee

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Goodman Limited ABN 69 000 123 071
Goodman Funds Management Limited ABN 48 067 796 641 AFSL Number 223621
as responsible entity for Goodman Industrial Trust ARSN 091 213 839

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 have 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 compliance and risk.
 - (ii) To sub-delegate its powers and discretions to executives of the Group, with or without the power to delegate further.
- 3.3 The Committee shall have unlimited access to the:
- (i) Executives of the Group;
 - (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 a Scheme's financial records, including those financial records provided by agents appointed by the Group to perform functions in respect of the Scheme(s);
 - (ii) the appointed auditor of the Scheme(s); and
 - (iii) information from Goodman which is relevant to the Committee's assessment of Goodman's maintaining its compliance with the Corporations Act.
- 3.4.2 If ASIC directs, or if the Corporations Act otherwise requires, Goodman is to give ASIC information about the arrangements contained in the relevant Scheme Compliance Plan(s) and Goodman's compliance with the Plan(s). The Committee must ensure that (as soon as it is aware of the direction) the information is provided as soon as practicable, in accordance with Goodman's stated procedures.
- 3.4.3 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 Committee's main responsibilities are divided into the following areas:

4.1 Risk management

- 4.1.1 Benchmark Goodman's risk management systems, practices and procedures against industry standards and legal requirements.

- 4.1.2 Review and monitor all material risks in Goodman's risk management systems, market risk (including product design and pricing risk), and operational risks (including human resources, succession planning, fraud, legal and reputational risk).
- 4.1.3 Review and monitor the effectiveness of Goodman's risk management systems.
- 4.1.4 Evaluate the processes Goodman has in place for identifying and assessing risks.
- 4.1.5 Evaluate the processes Goodman has in place for continuously improving internal controls, particularly those related to areas of significant risk.

4.2 Compliance

- 4.2.1 Ensure that a compliance program which includes all elements of AS:3806 is established, implemented, managed and evaluated across Goodman.
- 4.2.2 Ensure that a compliance framework and structure, properly resourced, documented and continuously updated exists throughout Goodman and that proper compliance reporting and monitoring systems are in place.
- 4.2.3 Periodically review the effectiveness of the system for monitoring compliance with AS:3806, applicable laws and regulations, and internal policies and comment on the adequacy of the system, making recommendations for amendments where necessary.
- 4.2.4 Monitor to what extent the Responsible Entity complies with the Schemes Compliance Plan(s) and report on its findings to the Responsible Entity and to the Board.
- 4.2.5 Report to ASIC if the Committee is of the view that the Responsible Entity has not taken, or does not propose to take, appropriate action to deal with a matter previously reported to the Responsible Entity.
- 4.2.6 Assess at regular intervals whether a Compliance Plan is adequate, to report to the Responsible Entity on the assessment and to make recommendations to the Responsible Entity about any changes that it considers should be made to a Compliance Plan.
- 4.2.7 Report to the Responsible Entity any:
 - (i) Breach of the Corporations Act involving a Scheme.
 - (ii) Any breach of the provisions included in a Scheme's Constitution in accordance with section 601GA of the Corporations Act.
- 4.2.8 Report to the Board as soon as practicable after becoming aware of any significant breach, or suspected breach, of compliance standards, laws, regulations or other legal obligations.

4.3 External Compliance Audit

- 4.3.1 Ensure that appropriately qualified and independent auditors are engaged to review the Schemes' Compliance Plans.

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- 4.3.2 Consider whether, taken as a whole, the various relationships between the relevant Goodman entity and the external auditor impair or appear to impair the auditor's judgment or independence in respect of Goodman.
- 4.3.3 Review and approve the annual audit plans of the Schemes' auditors and ensure coordination where more than one (1) audit firm or audit plan is involved.
- 4.3.4 Review and where appropriate, recommend to the Board, approval of the Schemes' auditor's annual review of the Schemes for lodgment with ASIC.
- 4.3.5 Recommend to the Board the appointment, evaluation and dismissal of Scheme auditors.

4.4 Environmental Committee

- 4.4.1 Review the minutes of the Environmental Committee.
- 4.4.2 Call for further information or action as required.
- 4.4.3 Make recommendations to the Board on the adequacy of the Environmental Committee's activities and any proposed changes to the scope of works and authorities.

4.5 IT Committee

- 4.5.1 Review the minutes of the IT Committee.
- 4.5.2 Call for further information or action as required.
- 4.5.3 Make recommendations to the Board on the adequacy of the IT Committee's activities and any proposed changes to the scope of works and authorities.

4.6 Occupational Health and Safety Committee

- 4.6.1 Review the minutes of the Occupational Health and Safety Committee.
- 4.6.2 Call for further information or action as required.
- 4.6.3 Make recommendations to the Board on the adequacy of the Occupational Health and Safety Committee's activities and any proposed changes to the scope of works and authorities.

4.7 Insurance

- 4.7.1 Review the corporate insurance program and make recommendations to the Board on the adequacy of the level and type of insurance proposed.

4.8 Other

- 4.8.1 Refer to the Audit Committee, in writing, any matters that have come to the attention of the Risk and Compliance Committee that are relevant to the Audit Committee.

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- 4.8.2 Refer to the Remuneration and Nomination Committee, in writing, any matters that have come to the attention of the Risk and Compliance Committee that are relevant to the Remuneration and Nomination Committee.
- 4.8.3 Refer to the Independent Directors' Committee, in writing, any matters that have come to the attention of the Risk and Compliance Committee that are relevant to the Independent Directors' Committee.
- 4.8.4 Ensure there is a continuing education program in place for Directors comprising the Risk and Compliance Committee.

5 Committee membership

5.1 Membership

- 5.1.1 The Committee is comprised of at least (3) directors. The Committee must at all times maintain a majority of independent members.
- 5.1.2 The Board may appoint an independent compliance expert to the Committee.
- 5.1.3 The Board of Directors is responsible for the appointment of the Committee members. Confirmation is sought prior to appointment of any member that the proposed member has the necessary knowledge and skills to carry out their obligations under the Corporations Act, the Constitution(s), Compliance Plan and Risk Management Plan.
- 5.1.4 Confirmation is also sought that all independent directors satisfy the criteria for independence set down in the Corporations Act.
- 5.1.5 All Committee members must be natural persons unless the Corporations Act permits otherwise. The Committee members that are not natural persons (such as a body corporate, an unincorporated association or an authority) must nominate a person to attend Committee meetings, although they may have an alternate if the Board of Directors agrees.

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 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 Risk and Compliance Committee unless they consent to the appointment.

5.3 Removal

5.3.1 The 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 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 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 Board allows.

5.4 Retirement

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

6 Meetings

6.1 Chair

6.1.1 The 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 Compliance Plan and 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 Board;
- (ii) any Director of the Board;
- (iii) Group Chief Executive Officer;
- (iv) regional Chief Executive Officers;
- (v) Chief Financial Officer;
- (vi) General Counsel;
- (vii) scheme Auditor;
- (viii) compliance Plan Auditor; and
- (ix) any invitee of Goodman or of the Committee.

6.4 Quorum

6.4.1 The quorum for a meeting of Committee members is three (3) members of which the majority must at all times be independent Committee members. 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 Compliance Officer.

6.6 Minutes, reports and recommendations

6.6.1 The Chair must ensure that minutes of Risk and Compliance 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 Board, the Scheme Auditor, the Compliance Plan Auditor and the external auditor.

6.6.2 The minutes of the Risk and Compliance Committee are reported to the Board at the next Board meeting after the Risk and Compliance Committee has met. Recommendations from the Risk and Compliance Committee are put to the Group 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, unless the Committee agree it is not necessary for a particular quarter.

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.

6.11 Indemnification of members

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

6.12 Insurance of members

- 6.12.1 Subject to the Corporations Act, the Group 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 Group'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 accords with Best Practice.
- 7.2 The Committee's Charter shall be reviewed annually and any proposed amendments referred to the Board as required.

8 Board approval

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