

Goodman PLUS Corporate Governance Statement

Goodman Group ('Goodman' or 'Group') is committed to the highest standards of corporate governance and recognises that an effective corporate governance culture is critical to the long term performance of the business.

Goodman is a triple stapled entity comprised of the Australian company, Goodman Limited ('GL'), the Australian trust, Goodman Industrial Trust ('GIT') and the Hong Kong company, Goodman Logistics (HK) Limited ('GLHK'). Goodman PLUS Trust ('PLUS Trust') is a special purpose sub-trust of Goodman and the issuer of the Goodman PLUS.

Goodman and the PLUS Trust are governed by their constituent documents, applicable laws (including the Australian *Corporations Act 2001* (Cth) and in the case of GLHK, the Hong Kong Companies Ordinance), the ASX Listing Rules and, in respect of GIT and the PLUS Trust, the compliance plans lodged with the Australian Securities & Investments Commission ('ASIC').

The Goodman PLUS are part of Goodman's ongoing capital management strategy and the proceeds received by the PLUS Trust have been loaned to a sub-trust of Goodman. The PLUS Trust's only business relates to the provision of that loan and it does not have any employees. The returns received by holders of Goodman PLUS result from the payment of interest by the sub-trust of Goodman. In accordance with the PLUS terms, an Issuer Realisation Notice to Repurchase the Goodman PLUS was issued on 20 July 2017. The Repurchase will be effected on 2 October 2017.

As ASX listed entities, Goodman and the PLUS Trust are required to meet the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd Edition ('Principles and Recommendations') or disclose any differences. The Corporate Governance Statement ('Statement') below outlines the ways in which Goodman and the PLUS Trust met the Principles and Recommendations for the 2017 financial year.

The effective date of this Statement is 22 September 2017 and it has been approved by the Board.

As the PLUS Trust is a special purpose funding subsidiary of Goodman and the performance of the Goodman PLUS is linked to the performance of Goodman, this Corporate Governance Statement reports the corporate governance of Goodman. Where relevant, additional information relating to the PLUS Trust has been included.

Any departures from the Principles and Recommendations in respect of the reporting period are described in the corporate governance statement below.

The Statement has been organised into the following sections:

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The Board

The term 'RE Board' is a reference to the Board of GFM as Responsible Entity of the PLUS Trust. GFM as Responsible Entity of the PLUS Trust (a registered managed investment scheme) must perform its duties in accordance with the constitution of the PLUS Trust and the laws applicable to responsible entities of managed investment schemes, as prescribed by the Corporations Act 2001. These duties require GFM to:

- + act honestly;
- + exercise the degree of care and diligence that a reasonable person would exercise if they were in the responsible entity's position;
- + act in the best interests of members; and
- + treat members of the same class equally.

GFM is also the responsible entity of GIT and in that capacity holds the ordinary units in the PLUS Trust and has certain powers under the PLUS Terms. In exercising such powers GFM can have regard to the interests of the members of GIT.

The Board of Goodman Group consists of the Boards of GL and Goodman Funds Management Limited ('GFM') as the responsible entity for GIT, and the Board of GLHK (collectively referred to as the 'Board').

The Boards of GL and GFM meet jointly and comprise the same Directors.

GLHK is a separate legal entity and is managed by a separate board of directors, which partially overlaps with the GL/GFM Board. GLHK's Board composition reflects its status as a Hong Kong tax resident and is comprised of Mr Ferrier and Mr Fan.

The Board comprises eleven Directors of which eight are independent. The Board is chaired by Mr Ian Ferrier, AM.

The composition of the respective Boards as well as the status and tenure of Directors and attendance at Board Meetings is set out below.

Director	Status	GL Tenure ⁽¹⁾	GFM Tenure ⁽¹⁾	GLHK Tenure ⁽¹⁾	GL/GFM Meetings ⁽²⁾	GLHK Meetings ⁽²⁾
Mr Ian Ferrier, AM – Chairman	Independent	13y 10m	12y 4m	5y 4m	11/11	5/5
Mr Gregory Goodman - Group CEO	Executive	18y 11m	22y 5m	5y 5m	11/11	2/2 (3))
Mr Philip Fan	Independent	5y 7m	5y 7m	5y 4m	11/11	5/5
Mr John Harkness	Independent	12y 4m	12y 10m		11/11	
Ms Anne Keating	Independent	12y 4m	13y 5m		11/11	
Mr Stephen Johns (5)	Independent	6m	6m		5/5	

1.1, 2.3, 2.4, 2.5,
3.3

Ms Rebecca McGrath	Independent	5y 3m	5y 3m		10/11	
Mr Danny Peeters	Executive	4y 6m	4y 6m		10/10	
Mr Phillip Pryke	Independent	6y 9m	6y 9m		11/11	
Mr Anthony Rozic	Executive	4y 6m	4y 6m		10/10	
Mr James Sloman, OAM	Independent	11y 5m	11y 5m		11/11	

1. As at 30 June 2017
2. Attended / Entitled to attend during the 2017 financial year.
3. In respect of the GLHK Board, on 20 September 2016, Mr Goodman resigned as a director in his personal capacity and was appointed as the alternate director to Mr Ferrier.
4. Mr Philip Pearce, Executive, resigned as a Director on 12 July 2016 without attending or being entitled to attend a meeting.
5. Mr Stephen Johns joined the Board on 1 January 2017.

The Board's Powers and Responsibilities

The GL, GFM and GLHK Boards must exercise their respective functions diligently and, to the extent permitted by law, in the best interests of Securityholders as a whole. The GLHK Board is governed by Hong Kong law (including the Companies Ordinance) and GLHK is also subject to the ASX Listing Rules and the Australian Corporations Act requirements for registered foreign companies.

The Board and its Committees will continue to have oversight of the Group's business, operations and compliance. The GLHK Board is responsible for the preparation of GLHK stand-alone accounts, the determination of dividends out of GLHK and any other non-delegable acts.

The roles, responsibilities and operation of the Board and their delegation of authority to management are set out in the [Board Charter](#), a copy of which is published on Goodman's website. The Board Charter was updated in December 2015 and adopted by GL, GFM and GLHK. The charter clearly establishes the role of the Board in setting Goodman's objectives and their responsibilities in the implementation of such objectives.

The Board has the power to do all things necessary to perform their duties and fulfil their purpose including to:

- (i) set strategic direction for the Goodman business;
- (ii) approve strategic alliances;
- (iii) review progress against strategy;
- (iv) approve principles, policies, strategies, processes and control frameworks for the management of Goodman's business; and
- (v) sub-delegate their powers and discretions to Committees of the Board, executives of Goodman, or management committees with or without the power to delegate further.

1.1

Governance	Recommendation
<p>Effective oversight and risk management are a fundamental part of Goodman's business strategy and central to protecting the interests of Securityholders. The Board has the ultimate responsibility for risk management and compliance. Goodman operates within overall guidelines and specific parameters set by the Board.</p> <p>The Board has established a number of Committees to assist in the exercise of their functions and the discharge of their duties, including that financial reports are true and fair and comply with applicable accounting standards. Each Committee can sub-delegate its powers and discretions, including to executives of Goodman, with or without the power to delegate further.</p> <p>The Board of GLHK has reserved the right to make decisions in respect of any matters delegated to and considered by the Committees (including the Audit Committee, the Remuneration and Nomination Committee and the Risk and Compliance Committee) and the Committees will only make recommendations to the Board of GLHK.</p> <p>The Board has also developed a statement of delegated authority to management. This delegated authority stipulates those matters to be dealt with by the Board and those matters which are delegated to management. The general statement of delegated authority governs areas such as finance, corporate matters and property transactions.</p>	
<p>Independent decision-making</p> <p>The Directors bring independent thinking, high standards of corporate governance and good judgement to the Board. Each Director provides confirmations on their ability to adequately perform their role on an annual basis. Directors are also required to inform the Chairman prior to accepting any other board appointments offered to them.</p> <p>Independence is assessed annually and the Board assessed individual Directors for independence using the definition of independence provided in the Principles and Recommendations for the 2018 Financial Year in mid-2017. When assessing independence the Board considered tenure.</p> <p>In relation to the definition of independence in the Principles and Recommendations, the Board considered that a material professional adviser or material consultant is one that derives more than 5% of their revenue from Goodman. When considering whether a person was or is associated with a Substantial Securityholder, the Board's definition applies the test of a person holding or having a relevant interest in 5% of Goodman's securities but also had regard to other relationships that the Securityholder may have with Goodman.</p> <p>The Board considers Mr Ian Ferrier, Mr Philip Fan, Mr John Harkness, Mr Stephen Johns, Ms Anne Keating, Ms Rebecca McGrath, Mr Phillip Pryke and Mr Jim Sloman to be independent. Mr Gregory Goodman, Mr Danny Peeters and Mr Anthony Rozic are Executive Directors of Goodman. The table on page 2 sets out the Directors and their status.</p> <p>The Independent Directors may elect to consider matters without the presence of executives where they believe this is appropriate or would be beneficial in reviewing the conduct of Goodman's affairs.</p>	2.3, 2.4
<p>Chairman</p> <p>Mr Ian Ferrier was appointed as Acting Chairman of the GL/GFM Boards on 28 November 2008 and Chairman on 2 July 2009. He was appointed Chairman of the GLHK Board on its establishment in 2012.</p>	1.1, 2.5

Governance	Recommendation
<p>Ian is an Independent Director with in excess of 40 years of experience in corporate recovery and turnaround practice.</p> <p>In his role as Chairman, Ian is responsible for providing leadership so the Board functions as an effective and cohesive group, working with the Group CEO to determine the strategic direction for Goodman, establishing high standards of corporate governance and oversight of strategic development. The role also includes formulation of Board meeting agendas and papers and management of Board meetings to facilitate the best performance of each participant. The Chairman acts as a representative of, and spokesperson for the Board.</p>	
<p>Group Chief Executive Officer</p> <p>The Group CEO is Mr Gregory Goodman. The terms, conditions and responsibilities of his role are established in an agreement with Goodman. His role as Group CEO is to support and encourage his management team to deliver the strategy developed by the Board and management. His role involves an intimate knowledge of all aspects of the business and communication of the strategy and operational results to the Board, management team and other stakeholders.</p>	1.1, 2.5
<p>Directors' resources</p> <p>Goodman has a formal policy allowing Directors to take independent professional advice at Goodman's expense should they believe it necessary for the performance of their duties.</p> <p>The Company Secretary and senior executives are always available to the Directors to provide them with information or clarification as required. These senior executives also present information at Board meetings in order to provide the Directors with unfettered access to all relevant information and the ability to candidly question senior management in relation to any matter they deem necessary.</p> <p>Directors are provided with tours of Goodman's properties, both within Australia and overseas. Directors and senior executives may also participate in further education relevant to their roles. Goodman reimburses the costs of further education relevant to a Director's or executive's role.</p>	2.6
<p>Company Secretary</p> <p>The Company Secretary is Mr Carl Bicego. The Company Secretary is accountable to the Board on all matters to do with the proper functioning of the Board. The Company Secretary is also responsible for advising Directors on corporate governance matters, liaising with regulators, supervising market disclosures and investor interactions, maintaining Goodman's corporate registers and apprising the Board on legal and governance issues. His biographical details appear on page 9 in the Directors' Report included in the 2017 Annual Report which is published on Goodman's website.</p>	1.4
Board review and composition	Recommendation
<p>Board composition/diversity/induction/nomination</p> <p>The Directors bring a wide range of skills and experience to their respective roles and are committed to achieving a high standard of corporate governance. The diversity of each Director's background strengthens the Board and enables them to bring critical judgement and independent assessment to the oversight of Goodman's business. The</p>	2.2

Board is responsible for all aspects of the management of Goodman and have the ultimate responsibility for its corporate governance practices.

The Board actively considers the appropriate size, composition and experience of the Board to respond to changing circumstances in its membership, the business and its strategy, and the markets in which Goodman operates. The Board seeks to have the broad base of skills and experience necessary to set the strategic direction of Goodman, oversee management's implementation of strategy and enhance corporate performance.

The Board is currently going through a period of renewal. Mr Harkness and Ms Keating have confirmed that they will not be standing for re-election at the 2017 Annual General Meeting after 12 years of service on the Board. Mr Fan will also be retiring at that time to pursue his interests in Greater China. During the financial year, Mr Johns joined the Board and will become the Chairman of the Audit Committee on Mr Harkness' retirement. It is expected that one or more appointments will be made in the course of the next 12 months.

Having regard to the importance of decisions for the Board composition and leadership over the coming years, the delegation to the Remuneration and Nomination Committee in relation to director nomination has been returned to the Board for this period.

In 2014, the Board approved a Board Skills Matrix prepared in line with Recommendation 2.2 which includes such skills as strategic planning, international business, real estate, funds and investment capital, and financial skills as well as other characteristics and attributes but does not consider it appropriate to publish it in detail. In light of the current Board renewal process, the matrix will also be reviewed.

Please refer to pages 7 to 9 in the Directors' Report included in the 2017 [Annual Report](#) which is published on Goodman's website for the skills and experience of each Director.

Remuneration and Nomination Committee

The Board has established the Remuneration and Nomination Committee to consider remuneration and nomination issues more effectively and fully and to provide recommendations to the Board for approval.

The Committee is comprised solely of Independent Directors and is chaired by Mr Phillip Pryke.

The table below sets out the composition and the Committee members' attendance at meetings.

Director	Status	Meeting [^]
Mr Phillip Pryke - Chairman	Independent	3/3
Mr Ian Ferrier	Independent	3/3
Ms Anne Keating	Independent	3/3
Ms Rebecca McGrath	Independent	3/3
Mr Jim Sloman	Independent	3/3

[^] Attended / Held during the 2017 financial year.

2.1

The Remuneration and Nomination Committee operates under a formal [Charter](#), a copy of which is published on Goodman's website.

The purpose of the Committee is to:

- + identify and recommend individuals to the Board for nomination as members of the Board and Committees (though currently this has been returned to the Board as noted above);
- + assist the Board in the assessment of the effectiveness and performance of the Board and its members;
- + develop and recommend to the Board relevant corporate governance principles;
- + review Board and Committee structures to facilitate the Board performing its function;
- + review and monitor the implementation of Goodman's Diversity Policy and goals;
- + review and make recommendations to the Board in respect of the administration of Goodman's remuneration programmes (including the engagement of any remuneration advisers);
- + review succession plans and talent management practices to ascertain they are in place across the Group;
- + review and make recommendations to the Board in respect of the approval and remuneration of senior executives and Non-Executive Directors;
- + prepare the remuneration report for approval by the Board; and
- + report regularly to the Board on each of the above matters.

The Committee is responsible for engaging remuneration consultants for the provision of remuneration recommendations for key management personnel.

Appointment of New Directors and Re-election

1.2, 1.3, 2.6

As discussed above, the Board regularly assesses its composition, desired skills and competencies and successions issues. When appointment of a new director is considered desirable, the Board or Remuneration and Nomination Committee may engage consultants to assist in the process of identifying candidates. Appropriate checks are carried out by Goodman and consultants before appointment and oversight of this process is generally a responsibility of the Remuneration and Nomination Committee.

Goodman uses formal letters of appointment for Directors so Directors clearly understand the expectations of them. Each letter outlines the terms of the Director's appointment and includes matters such as their powers and duties, attendance at meetings, remuneration, appointment on Committees, induction and continuing education, and disclosure of interests.

All new Directors undertake an induction process which includes a review of the Strategy and Budget, meeting key executives and the provision of information regarding the operations and governance of Goodman. The [Director Induction Program](#) is tailored for new appointments having regard to their backgrounds, skills and experience, and is disclosed on the Goodman website.

New Directors appointed to the Board are required to seek election at the first Annual General Meeting ('AGM') of Securityholders following their appointment. All Directors of the GL Board and the GLHK Board other than the Group CEO are also subject to re-election by rotation at least every three years.

The Notice of Meeting includes information relevant to Securityholders to vote on a Director's election or re-election as well as a recommendation from the other Directors

Board review and composition	Recommendation
<p>having regard to their assessment of desired Board composition (as discussed above) and performance reviews (see below).</p>	
<p>Performance review</p> <p>The Board reviews their performance and that of their Committees approximately every two years. The Boards consider this is an appropriate timeframe having regard to the time taken in the review process, the frequency of Board meetings and the level of change in the Boards over time but will also conduct a review more frequently where considered appropriate. An assessment of the performance of the Boards, Committees and individual Directors was conducted in July – August 2015. The Chairman met with each Director individually to discuss Board participation and performance having regard to a range of matters including:</p> <ul style="list-style-type: none"> + the Board contribution to developing strategy and policy; + interaction between the Board and management; + operation of the Board including the conduct of Board and Committee meetings; + the Board’s processes to monitor business performance and compliance, control risk and evaluate management; and + the Board composition, structure and succession planning. <p>The Chairman is currently conducting the performance reviews again having regard also to the Board renewal process.</p> <p>The performance of senior executives is reviewed annually by the Group CEO through a structured process of self-assessment and review against previously established goals and objectives. This process is co-ordinated by Goodman’s Human Resources department and applied globally throughout Goodman. In accordance with this process, a performance review was conducted in relation to each executive’s performance during the financial year.</p> <p>The performance of the Group CEO and senior executives (including the other executive directors, nominated key management personnel and Country heads) is reviewed and overseen by the Remuneration and Nomination Committee.</p>	<p>1.6, 1.7, 8.2</p>

Integrity of Financial Reporting	Recommendation
<p>Audit Committee</p> <p>The Board has established an Audit Committee, which meets at least four times a year, to assist in fulfilling the Board’s legal and regulatory requirements in relation to Goodman’s and the PLUS Trust’s financial statements.</p> <p>The Audit Committee is comprised solely of Independent Directors and is chaired by Mr John Harkness (Chairman). John is a Chartered Accountant and was a former partner of KPMG before retiring in June 2000. He was a partner of KPMG while it was engaged to conduct the audit of Goodman’s entities, however, he was not involved in those audits. Mr Ian Ferrier is also a Chartered Accountant with significant financial expertise and was previously the Chairman of the Audit Committee. As mentioned above, Mr Stephen Johns will succeed Mr Harkness as Audit Committee Chairman after his retirement at the Annual General Meeting. Mr Johns was formerly Finance Director of Westfield, holds a Bachelor of Economics Degree and is a Fellow of the Institute of Chartered Accountants.</p> <p>The other members bring extensive business experience to the Committee. Further information about the Committee members’ qualifications and experience is set out on</p>	<p>4.1</p>

pages 7 to 9 in the Directors' Report included in the 2017 [Annual Report](#) which is published on Goodman's website.

The table below sets out the composition and the Committee members' attendance at meetings.

Director	Status	Meeting [^]
Mr John Harkness - Chairman	Independent	4/4
Mr Ian Ferrier	Independent	4/4
Mr Phillip Pryke	Independent	4/4
Mr Philip Fan	Independent	4/4
Mr Stephen Johns	Independent	2/2

[^] Attended / Held during the 2017 financial year.

The Audit Committee operates under a formal [Charter](#), a copy of which is published on Goodman's website. The Committee's responsibilities include oversight of the following:

- + financial reporting principles and policies, controls and procedures;
- + integrity of Goodman's financial statements, independent external audit and the Group's compliance with legal and regulatory requirements relating to financial statements;
- + procedures for selecting, appointing, and if necessary, removing Goodman's external auditor; and
- + financial risk management policy, the Group's capital strategy, tax compliance and tax risk management policy.
- + The Committee has the power delegated by the Board to undertake all things necessary to perform its duties and fulfil its purpose including:
- + approving principles, policies, strategies, processes and control frameworks for the management of audit matters;
- + approving policies and strategies in relation to financial risk management, financing, tax compliance and tax risk management; and
- + sub-delegating its powers and discretions to senior executives with or without the power to delegate further.

The Committee has access to the senior executives, internal audit and the external auditor. In particular:

- + senior members of management are invited to attend Committee meetings and to present to the Committee on key issues;
- + Committee members regularly meet with management, independently of Committee meetings, to further discuss issues relevant to the work of the Committee; and
- + the Committee meets with the external auditor, without management being present.

The Committee reports to the Board on the outcome of its reviews, discussions with the external auditor and its findings on matters which have or are likely to have a

Integrity of Financial Reporting	Recommendation
<p>material impact on the operating results or financial position of Goodman and the PLUS Trust.</p>	
<p>Executive Confirmations</p> <p>In addition to the work of the Audit Committee, the Group Chief Executive Officer ('CEO') and the Group Chief Financial Officer ('CFO') provide confirmation to the Board in writing that GL, GIT, GLHK and the PLUS Trust's financial statements for a financial period comply with the relevant accounting standards and give a true and fair view of the financial position and performance of each entity.</p> <p>The Group CEO and the Group CFO also provided written confirmation that, to the best of their knowledge and belief:</p> <ul style="list-style-type: none"> + the statement given to the Board on the integrity of Goodman's financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and + Goodman's risk management and internal compliance and control systems are operating efficiently and effectively in all material aspects. <p>These statements are based on a Group-wide and broad ranging series of half and full year confirmations from senior executives and department heads in relation to the financial integrity, risk management and internal compliance and control system within each department.</p>	4.2
<p>Auditors</p> <p>Goodman has engaged KPMG to act as its external auditor. As part of the terms of engagement, KPMG is required to review the half year financial report and audit the annual financial report and remuneration report prior to approval by the Board, discuss its findings with the Committee including the adequacy of financial and accounting controls, and attend the AGMs and be available to answer questions from Securityholders about the conduct of the audit and the preparation and content of the independent audit report.</p> <p>Each reporting period, the external auditor provides an independence declaration in relation to the review or audit. The Audit Committee reviews adherence by the Auditor to the Corporations Act requirement of audit partner rotation. The Audit Committee is also responsible for assessing whether non-audit services provided by the external auditor are consistent with the external auditor's independence and compatible with the general standard of independence of auditors required by the Corporations Act 2001 (Cth)</p>	4.3
Managing Risk and Compliance	Recommendation
<p>Risk and Compliance Committee</p> <p>The Board has established a Risk and Compliance Committee to provide oversight and direction to Goodman's system of risk and compliance management.</p> <p>The Committee is comprised solely of Independent Directors and is chaired by Ms Rebecca McGrath. The table below sets out the composition and the Committee members' attendance at meetings.</p>	7.1

Director	Status	Meeting [^]
Ms Rebecca McGrath – Chairman	Independent	4/4
Mr John Harkness	Independent	4/4
Ms Anne Keating	Independent	4/4
Mr Philip Fan	Independent	4/4
Mr Jim Sloman	Independent	4/4

[^] Attended / Held during the 2017 financial year.

The Committee operates under a formal [Charter](#), a copy of which is published on Goodman’s website. The Committee reports to the Board regarding the effectiveness of its Risk Management and Compliance Framework in relation to:

- + internal risk management systems;
- + internal audit framework;
- + internal compliance systems and external compliance audit functions;
- + sustainability programme;
- + Work, Health and Safety ('WH&S'); and
- + insurance requirements.

The Committee also oversees the work of several internal management committees which have risk responsibilities. These committees facilitate the sharing of information and that there is a consistent approach to risk management and compliance applied across Goodman.

Consistent with Goodman’s approach of transparent reporting to the Board, members of the Committee have unfettered access to management to discuss risk and compliance matters. Senior members of management are invited to attend Committee meetings and present on key issues. External experts and third party service providers are also invited to attend Committee meetings to provide the Committee with further information and understanding of the way in which Goodman manages its risk and compliance obligations.

Risk Management Framework

The Board has required that management design and implement a risk management and internal control system to manage Goodman’s material business risks under the oversight of the Risk and Compliance Committee. This framework is also applicable to the PLUS Trust.

Goodman’s risk management system has been developed in accordance with international and Australian/New Zealand standards on risk management and has been underpinned by a Risk Management Policy that sets out the oversight and management of risk for Goodman.

The Group Head of Risk is responsible for the implementation of the Risk Management Policy globally. He reviews critical business units and profiles their key risks on an annual basis. Action plans for mitigating key risks are reported to the Risk and Compliance Committee at each meeting.

7.2

Managing Risk and Compliance	Recommendation
<p>Management has reported to the Board, through the Risk and Compliance Committee that Goodman manages its risks effectively. The Committee regularly reviews and assesses the soundness of the Risk Management Framework, and this was most recently completed in April 2017.</p> <p>The Committee will again review the framework during the 2018 financial year and continue to do so on an annual basis in accordance with its Charter.</p>	
<p>Compliance Framework</p> <p>The Committee has oversight of Goodman’s Compliance Framework which clearly details how Goodman manages its regulatory obligations. Goodman is committed to complying with its legal and regulatory obligations for the operation of Goodman’s business and in some cases may apply higher standards that would otherwise be required such as in respect of our approach to Modern Slavery.</p> <p>The Compliance Framework provides a consistent approach to integrating business objectives and strategy to compliance obligations and reporting. The Compliance Framework has been developed in accordance with relevant industry standards and is underpinned by a Compliance Program which details responsibilities, monitoring and reporting.</p> <p>The Committee is responsible for the oversight of internal compliance systems and policies including in relation to the conduct of Goodman employees (see ‘People and Conduct’ below). It is also responsible for external regulatory compliance including oversight of GFM’s compliance with the Compliance Plans for each registered managed investment scheme of which GFM is the responsible entity.</p> <p>The Company Secretary and the Compliance Manager are responsible for reviewing and monitoring the effectiveness of the compliance systems on an ongoing basis and for reporting on the results of these activities to the Risk and Compliance Committee.</p>	
<p>Internal Audit</p> <p>The internal audit programme is closely aligned to the Risk Management Framework and involves a rolling programme of reviews and control testing of Goodman’s business processes. The internal audit function is wholly independent of the external audit function.</p> <p>The findings of internal audit are reported to the Risk and Compliance Committee and where relevant, the Audit Committee. The findings and any recommendations arising from the internal audits are acted on by management under the supervision of the Committee.</p>	7.3
<p>Sustainability</p> <p>The Board believes that the Goodman business strategy and integrated ‘own+develop+manage’ customer service model are both relevant for the contemporary operating environment and sustainable into the future.</p> <p>The Board, through the Risk and Compliance Committee and other Committees as appropriate, seeks to manage and respond to its operating environment including economic, environmental and social sustainability risks.</p> <p>Goodman has implemented a Sustainability Policy a copy of which is published on Goodman’s website. This is targeted at the Group’s primary operating activities and aims to continually improve the Group’s economic, environmental and social sustainability performance.</p>	7.4

Managing Risk and Compliance	Recommendation
<p>Information concerning the Group's economic strategy, performance risks and outlook is included at pages 13 to 21 in its 'Operating and Financial Review' included in the Directors' Report.</p> <p>Information concerning the Group's Corporate responsibility and sustainability framework is contained in the 2017 Goodman Group Annual Report which is published on Goodman's website.</p>	
<p>Insurance</p> <p>Insurance forms part of the Group's Risk Management Framework and is used to manage the risk of both contingent and uncertain events and is also a means of protection from financial loss. The Risk and Compliance Committee is responsible for approving the Group's overall insurance program and annually reviews the Group's key policies around property, public liability, directors and officers, professional indemnity, workers compensation and other specific market and business related insurances.</p>	7.4
Remuneration	Recommendation
<p>Remuneration and Nomination Committee</p> <p>The Board established the Remuneration and Nomination Committee, and in addition to its other responsibilities, it has developed policies dealing with fixed remuneration, Short Term Incentives ('STI') and Long Term Incentives ('LTI').</p> <p>The Committee meets as required to consider and recommend to the Board, the remuneration policy and the specific remuneration arrangements for Non-Executive Directors, the Group Chief Executive Officer, other key management personnel and senior executives. In addition, the Committee considers and is responsible for the oversight of remuneration aspects which have a bearing upon all employees across the Consolidated Entity, including STI, LTI, superannuation/pension entitlements and termination payments. The Committee is also responsible for certain other related human resources policies and oversees a succession planning exercise for key operational roles.</p> <p>The Committee has adequate resources and the appropriate authority to discharge its duties and responsibilities and directly engages with external consultants, proxy advisers and major investors. During the current financial year, the Chairman of the Board and the Chairman of the Committee engaged directly with proxy advisers and major investors to understand their viewpoint on issues relating to remuneration and Board composition. The Committee considers that this is an important aspect of its work and the Committee has evaluated the issues raised in a systematic manner.</p> <p>Further information about the Committee including its composition and Members' attendance at meetings is set out on page 6 of this Statement.</p>	8.1
<p>Directors' remuneration</p> <p>Goodman follows the principles of remuneration for Non-Executive Directors that are set out in the Principles and Recommendations. Non-Executive Directors receive fixed fees from within the fee pool approved by securityholders at the 2006 Annual General Meeting. Non-Executive Directors do not receive incentive or at risk cash or equity based remuneration while retirement benefits are limited to superannuation.</p>	8.2

Remuneration	Recommendation
<p>The Board has adopted a policy that requires Non-Executive Directors to accumulate and hold Goodman securities with a value equivalent to twice their annual base fees. Where this is not already satisfied Directors apply 25% of their net base fees to the acquisition of Goodman securities until that value of securities is held. For the purpose of this policy, the value of each parcel acquired is the higher of the purchase price or market value at the end of the financial year.</p> <p>The fees of each Non-Executive Director are disclosed on page 37 in the Directors' Report included in the 2017 Goodman Group Annual Report which is published on Goodman's website.</p>	
<p>Executive Remuneration</p> <p>Goodman follows the principles of remuneration that are set out in the Principles and Recommendations. These include a policy of rewarding employees with a mixture of fixed, performance-linked and equity based remuneration.</p> <p>In relation to equity based remuneration, under the Securities Trading Policy, Directors and employees are not allowed to enter into derivative contracts that hedge their exposure to movements in the price of Goodman securities that have not vested. This is in addition to similar restrictions that apply under the Corporations Act to key management personnel.</p> <p>Executives appointed to Goodman enter into contracts of employment setting out the terms of their employment including the obligation to comply with the Group's policies.</p> <p>Further information in relation to the remuneration policies and executive employment terms is set out in the Remuneration Report on pages 22 to 43 the Directors' Report.</p> <p>The salary and/or fees of each Executive Director and other key management personnel are disclosed on page 38 in the Directors' Report included in the 2017 Goodman Group Annual Report which is published on Goodman's website.</p> <p>As noted above, the PLUS Trust does not have any employees. Nor is the PLUS Trust charged any fees by GFM as RE.</p>	1.3, 8.2, 8.3
Engagement with stakeholders	Recommendation
<p>Timely and balanced disclosure</p> <p>Goodman is committed to providing timely, balanced and readily available disclosure of material information to Securityholders, the investment community generally, other stakeholders and regulators. It believes that ethical and responsible decision-making is critical to the success of its business. Goodman also believes that the transparency of these processes promotes market and Securityholder confidence in its integrity and sustainability.</p> <p>Goodman's Continuous Disclosure Policy outlines the procedures followed internally to facilitate compliance with continuous disclosure laws and timely and full disclosure of material through the ASX. Goodman's senior executives, including the Group Head of Stakeholder Relations and Company Secretary, regularly meet to consider operational matters and regulatory compliance including the consideration of identified potential transactions that may require disclosure. In particular, this includes significant corporate, property or financing transactions by the Group or its managed partnerships.</p>	5.1

The Group Head of Stakeholder Relations and the Company Secretary (Communications Officer) review all filings prior to lodgement with ASIC or the ASX and are responsible for ensuring timely lodgement of all documentation. The Company Secretary also has responsibility for all communications with the ASX.

Following receipt of confirmation of lodgement and the release of announcements, relevant information is then published on Goodman's website at www.goodman.com.

The Board's policy is to review and approve announcements on key transactions as well as periodic or other mandatory disclosures of announcements concerning:

- + Half Year and Full Year financial statements and results;
- + Annual Reports;
- + Investor or market updates (especially when including new price sensitive information);
- + Extraordinary or Annual General Meetings;
- + disclosure documents concerning the issue of securities;
- + transactions that will require Securityholder approval (such as related party transactions, and matters requiring Board recommendations); and
- + corporate transactions such as takeovers or schemes.

All announcements are reported to the Board and a record is made of where the announcement has been reviewed by the Board.

The Continuous Disclosure Policy also sets out when trading halts are to be used, how to respond to market speculation and guidelines regarding how communications are to be made through differing forms of media.

Information on continuous disclosure is made available to all employees on commencement of employment. Goodman's Continuous Disclosure Policy is available on its website at www.goodman.com.

Communication with Securityholders

Goodman has implemented a number of processes in order to facilitate the effective and efficient exercise by Securityholders of their rights.

Goodman communicates information to Securityholders through a range of media, including annual reports, half year results, quarterly updates, email alerts, investor newsletters, general communications and ASX announcements. Goodman's policy and procedures in relation to investor communications are incorporated into its Continuous Disclosure Policy.

Goodman's website at [Policies, charters and other governance documents](#) and [Goodman's Investor Centre](#) both include extensive information about Goodman's corporate governance including information about the Board, executives, constituent documents, policies and charters.

To broaden the visibility of Goodman's communications and to increase the range of content available to Securityholders, Goodman has adopted the use of social media through Twitter at www.twitter.com/Goodman_Group and LinkedIn <https://www.linkedin.com/company/11166/>.

Securityholders can raise questions by contacting Goodman by telephone, facsimile, email or post. Contact details are provided on the website, Annual Report and other

6.1, 6.2, 6.3, 6.4

Engagement with stakeholders	Recommendation
<p>communications. Securityholders are also able to receive communications from, and send communications to Goodman and its registry electronically.</p> <p>Annually, Goodman holds an Investor Strategy day where Securityholders have the opportunity to hear market update presentations on all regional Goodman operations and ask questions of Goodman senior executives. The presentations are webcast live for Securityholders who are unable to attend.</p> <p>Securityholders are invited to attend the AGMs either in person or by proxy. The Board regards the meetings as an important forum in which to discuss issues relevant to Goodman. The Board encourages full participation of Securityholders at these meetings so there is a high level of accountability and identification with Goodman's strategy and objectives. Securityholders are invited to submit questions to the external auditor for discussion at the AGM.</p> <p>The meeting is webcast to further inform Securityholders who are unable to attend and the address of the Chairman is immediately announced to the ASX. Voting results (including a summary of proxy voting) on matters considered at the meeting are released to the ASX as soon as they are determined.</p>	
<p>Complaints handling</p> <p>Goodman has both internal and external complaints handling procedures. Complaints in relation to ethical concerns can be raised anonymously via Goodman's website. Investor Relations responds to Securityholder enquiries and complaints and provides a thorough and transparent communications service to Securityholders. GFM is also a member of the Financial Ombudsman Service, an external industry complaints handling service.</p>	6.2
People and conduct	Recommendation
<p>Overview</p> <p>Goodman stipulates the standards of ethical behaviour expected of Directors and employees in its Code of Conduct and requires the observance of those standards. The Code of Conduct and accompanying core policies on conflicts of interest, continuous disclosure, dealing with public officials, gifts, ethical concerns, related party dealings, securities trading and sustainability are available on Goodman's website at www.goodman.com.</p>	3.1
<p>Responsible and ethical decision-making</p> <p>In addition to the laws and responsibilities which apply specifically to Directors, the Board has endorsed a Code of Conduct which applies to Directors and employees of Goodman, a copy of which is published on Goodman's website.</p> <p>The Code of Conduct requires Directors and employees to, among other things:</p> <ul style="list-style-type: none"> + keep abreast of Goodman's policies and procedures, and where necessary sign acknowledgements that they have read these policies; + maintain appropriate standards of workplace behaviour; + comply with the Group Diversity and Inclusion Policy; + co-operate fully with any investigations relating to Goodman's policies; 	3.1

- + comply with the Group's Security Trading Policy;
- + notify the Company Secretary in writing if they are required by any regulatory body to provide information, answer charges or face proceedings in respect of any matter arising during their tenure with Goodman;
- + keep any and all Goodman information confidential except as necessary for marketing Goodman products and services;
- + notify their direct manager, regional CEO or regional Legal, Risk or HR Executive or Group Legal, Risk or HR Executive, if they have reason to suspect fraud, corrupt, criminal or unethical conduct by any Director or employee of Goodman; and
- + not make or accept payment or any other benefit in money or kind as an inducement or reward for any act or in connection with any matter or business transaction undertaken by or on behalf of Goodman and comply with the Gifts and Entertainment Policy.

The aim of the Code of Conduct is to establish a high standard of conduct and to communicate this to the Directors and employees. Expectations regarding fairness, honesty and the treatment of confidential information are made explicit. The Code of Conduct also charges all employees with responsibility for reporting unethical or corrupt conduct.

The Code of Conduct is provided to Directors upon appointment and all employees upon commencement. The Code of Conduct is supported by a framework of policies that set out Goodman's approach to meeting its legal obligations and the expectations of stakeholders for responsible and ethical decision-making. Key policies forming part of the framework are set out below.

Securities trading

The [Securities Trading Policy](#), a copy of which is published on Goodman's website is made available to Directors on their appointment and employees on their commencement. The policy prohibits Directors and employees from trading in Goodman securities when in possession of 'inside information' (being non-public price sensitive information). It also prohibits the communication of inside information to any other person who is likely to purchase or sell Goodman securities or who is likely to procure a third party to purchase or sell those securities.

Under the Securities Trading Policy and the law, a Director or employee may only acquire or sell Goodman securities when he or she is not in possession of inside information. To avoid any adverse inference being drawn of unfair dealing, Directors and employees are not to deal in Goodman securities during the two week period before the end of a financial period through to the release of Goodman's half year or full year results. A trading blackout is notified to Directors and employees during those times and may also be notified by the Company Secretary or Group CEO at other times when considered appropriate.

Directors or employees may apply, on the basis of hardship, for consent to trade from the Chairman or Group CEO notwithstanding that a trading blackout might otherwise apply. However, approval is not given during a trading blackout unless the Group CEO or Chairman is satisfied of the circumstances amounting to hardship and that the person is not in possession of inside information.

Directors and employees are not allowed to engage in short term trading of Goodman securities under the Securities Trading Policy nor are Directors or senior executives allowed to enter into derivative contracts that hedge their exposure to movements in the price of Goodman securities that have not vested.

3.1

People and conduct	Recommendation
<p>The Securities Trading Policy applies to decisions to sell Goodman securities by a mortgagee, chargee or margin lender under a margin loan or other financing arrangements. Any trade in breach of the Securities Trading Policy must be immediately disclosed to the Company Secretary for reporting to, and consideration by, the Board.</p>	
<p>Conflicts of interest</p> <p>Goodman has a Conflicts of Interest Policy in accordance with its commitment to conducting its business ethically and with integrity. Directors, employees and consultants are required to comply with the Conflicts of Interest Policy. The purpose of this Policy is to outline the procedures in place to control and avoid conflicts of interest by identifying, assessing, managing and reporting on the types of conflicts of interest which Goodman anticipates will affect or arise from its business. The Policy covers the mechanisms to:</p> <ul style="list-style-type: none"> + identify conflicts of interest; + manage conflicts of interest by assessing and evaluating actual or potential conflicts, and decide upon and implement an appropriate response to those matters; and + maintain written records that demonstrate how Goodman manages conflicts. 	3.1
<p>Related parties</p> <p>Goodman has implemented a Related Party Policy which sets out the basic principles for dealing with transactions between Goodman and its managed partnerships. These principles are in addition to any legal requirements including under the Corporations Act 2001 and ASX Listing Rules.</p>	3.1
<p>Gifts and Entertainment</p> <p>Goodman has a Gifts and Entertainment Policy to provide guidance to employees about the appropriate use of gifts and entertainment in building and maintaining good business relationships with Goodman’s customers, capital partners, suppliers, contractors, agents and any other external parties. The giving and receiving of business related gifts and entertainment needs to be both lawful and not unduly influence business decision making. The policy sets out what is considered reasonable in relation to gifts and entertainment and processes are in place to monitor and approve gifts and entertainment. The giving of gifts to Public Officials is subject to the Dealing with Public Officials Policy (see below).</p>	3.1
<p>Dealing with public officials</p> <p>Goodman’s Dealing with Public Officials Policy sets out its commitment to conducting its business in accordance with applicable laws and regulations and in a way which will maintain and enhance its reputation in the market.</p> <p>One aspect of this commitment is that Goodman behaves in a professional, honest and responsible manner and avoids any conduct which may be considered to be corrupt or contrary to good corporate ethics. Goodman strictly prohibits any activity that seeks to bribe, corrupt or otherwise improperly influence a public official or third party in any country or to act (or omit to act) in a way that differs from that official's proper duties, obligations and standards of conduct.</p> <p>The Dealing with Public Officials Policy outlines the general prohibitions against bribery and corruption of public officials (both in Australia and overseas), the procedures around dealing with public officials, and the detection and reporting of bribery and corruption.</p>	3.1

People and conduct	Recommendation
<p>Political donations policy</p> <p>Goodman has a Political Donations Policy to demonstrate its commitment to conducting its business with integrity. Under the policy, Goodman prohibits the making of donations to political parties, elected members, candidates or groups of candidates, third party campaigners or Government employees and Goodman will not contribute funds for membership or affiliation to political parties or individuals.</p> <p>However, Goodman may pay for Directors, Officers or employees to attend a political function on behalf of Goodman where it is lawful to do so, and there is a corporate benefit to Goodman, and the prior approval from the relevant officer has been obtained.</p>	3.1
<p>Ethical concerns</p> <p>Goodman is committed to conducting business in a culture of integrity, compliance and ethical behaviour. Goodman has a responsibility to its employees, Securityholders and customers to safeguard against any attempts of fraud, bribery and corruption. In light of this, and its belief in the importance of having a mechanism for the reporting of wrongdoing and protecting those who report wrongdoing, Goodman has an Ethical Concerns Policy. This Policy encourages employees, management, contractors and other third parties to report instances of improper behaviour.</p>	3.1
<p>Safety</p> <p>Goodman recognises its obligations under the safety legislation and is committed to the implementation and proper management of appropriate risk management procedures to protect the safety of its employees, contractors, customers and visitors. Goodman's commitment to safety extends to all facets of its business with the overall responsibility for safety resting at the highest level of management and the Board. However, every employee is also required to comply with safety policies and perform all duties in a safe and responsible manner. Goodman has implemented a Safety management program and an online Contractor induction system.</p>	
<p>Modern Slavery</p> <p>Goodman is committed to responsible operations and supply chain management free from modern slavery and human trafficking. Goodman aims to comply with applicable laws and regulations in relation to responsible supply chain management to identify, manage and respond to human rights risks in their operations and supply chains.</p> <p>Goodman will not knowingly engage in, or deal or partner with any suppliers who engage in slavery or human trafficking. Any supplier or contractor invited to submit a tender or provide services to Goodman are required to do so on the condition that they do not engage in slavery or human trafficking in their supply chains.</p> <p>Goodman will review any suspicious activity within Goodman's operations and supply chains and any clear and substantial breach of modern slavery and human trafficking will be taken seriously including contract termination or referral to the authorities.</p> <p>Goodman's approach to anti-slavery is aligned to several Goodman policies relating to conduct and ethical behaviour. Training is provided to employees involved in supply chain management and procurement and any concerns about slavery or human trafficking can be raised in accordance with the Ethical Concerns Policy.</p> <p>Goodman's UK operations are subject to the UK <i>Modern Slavery Act 2015</i> and have a published a statement in accordance with that Act.</p>	3.1

Diversity

1.5

Goodman's [Diversity Policy](#), a copy of which is published on Goodman's website aims to provide a work environment that values diversity and inclusion in all locations around the world. This is consistent with two of Goodman's corporate values ('Goodman Values') which are Open+Fair and Team+Respect.

The Policy provides that Goodman will:

- + strive towards workplaces that are free of harassment and unlawful discrimination;
- + recruit, appoint and promote on the basis of merit;
- + provide equal access for all employees for personal development, management skills development and career path opportunities;
- + recognise cultural differences that exist around the world;
- + be aware of and accommodate the needs of individuals with family and carer responsibilities, through flexible and contemporary work practices;
- + be aware of customers' diversity and their expectations;
- + create an inclusive work environment, where ideas and opinions are shared for the overall benefit of the Group;
- + contribute to the community through a range of philanthropic channels;
- + create and implement programmes that aim to increase career advancement opportunities for female employees across the business globally; and
- + support and achieve the above objectives by inclusion of these within key performance indicators for senior management and update the Board on progress.

Policy Implementation and Initiatives

1.5

The Group's strategic objective is to facilitate the opportunity for career advancement for high potential female employees and that barriers to this are eliminated where possible. The Group has several initiatives in place to advance this objective and to assist employees in balancing the requirements of work and family. These initiatives are:

- + Training based – through general and specific career coaching for groups and individuals to assist individuals to drive their own career development activities;
- + Mentoring based – providing more targeted career advice and workplace mentoring and support for employees identified as high potential; and
- + Policy enhancements – review of specific policy items that could assist female employees to return to work after a period of maternity leave and to better balance the requirements of work and family.

Gender Diversity Strategy Objectives

1.5

The Group's strategy is to allow all employees to reach their potential and many of its initiatives are targeted at employees below the executive levels. In particular, it is the objective of the Group's gender diversity strategy to increase the representation of female employees at senior levels. This remains an ongoing and long-term objective given the long lead times that are required to develop future talent and position employees for more senior roles. The Group has a relatively stable management structure with minimal voluntary turnover meaning that opportunities for rapid career advancement do not exist as they may in other organisations.

The Group measures gender diversity representation having regard to the organisational structure, proximity to the CEO in reporting, scope and content of roles.

In reporting on the representation of female employees at the Senior Executive level the Group also considers it appropriate to consider those female employees at the Executive level. This group is a pool from which Goodman's Senior Executives would be selected in the absence of external appointments and is also indicative of the progress that is being made to increase gender diversity at the Senior Executive level. For the purposes of the Group's Diversity Strategy the following definitions and Targets are applied:

Level	Role characteristics	Target
Senior Executive	Independent Roles with highest complexity, leading a function, business unit or region across multiple geographies. High discretion and autonomy. Will manage a team of individuals with specific and distinct objectives. High commercial impact.	25-35%
Executive	Sub-regional business role or functional specialist with high complexity, risk profile and/or commercial outcomes. May have team management responsibility.	35-45%

The Group's policy acknowledges that progress will depend on the general level of change at the Senior Executive and Executive levels, the Group's growth and opportunities, and the skills and suitability of individuals to fill those opportunities amongst other factors and that they remain long-term targets.

In respect of the Group's performance against the Targets, for the period 30 June 2016 to 30 June 2017 the representation of females within the Senior Executive category slightly increased from 18% to 20%.

With regard to the Executive category, the representation over the same period remained unchanged at 28%. The Executive category remains a focus on the basis that the category provides a future pool of candidates for senior management positions around the Group. Organisational structure changes occurred throughout the period, which resulted in increased job scope for several employees. Whilst the overall percentage of females within this category remained static, it is considered that the increase in job scope and profile will position the affected females well for future Senior Executive roles.

In 2017, the Group further supported increasing the female representation by ensuring employees have access to a range of development opportunities which were more comprehensive and targeted than in previous years. A major focus remains on Leadership and Management programmes across all levels from emerging leaders to senior executives. In respect of female executives this includes providing structured ongoing and robust capabilities-based training, along with coaching and mentoring. These programmes are designed, customised and delivered in house to meet our leadership needs as an organisation and so individuals are supported based on their specific development requirements. During 2017 the Group has invested heavily in behavioural management training and commenced the implementation of a leading comprehensive Learning Management System, designed to deliver targeted learning content to all employees. The Goodman Values, which require employees to demonstrate behaviours that (amongst other outcomes) support diversity, inclusion, teamwork and communication were the subject of a major global internal campaign.

On an overall basis, the gender representation of Goodman employees as at 30 June 2017 remained relatively unchanged from 2016 at 55% male and 45% female.

Diversity

Recommendation

With regards to gender diversity of the Board, as at the date of this statement two of the eleven Directors (18%) are women.