



Corporate Governance Statement

2020

Our approach to governance

The Vicinity Board is pleased to present the FY20 Corporate Governance Statement.

Vicinity strives to ensure that it meets high standards of governance in everything it does. Vicinity’s governance principles and practices reflect that Vicinity operates in a robust regulatory environment and has corporate and managed investment scheme obligations under the Corporations Act and ASX Listing Rules. During FY20, Vicinity’s corporate governance framework was consistent with the ASX CGC Principles (3rd edition) and where appropriate, Vicinity has early adopted some of the new or revised recommendations from the 4th edition.

Vicinity’s corporate governance platform is integral to supporting our strategy, protecting the rights of our securityholders and creating sustainable growth.

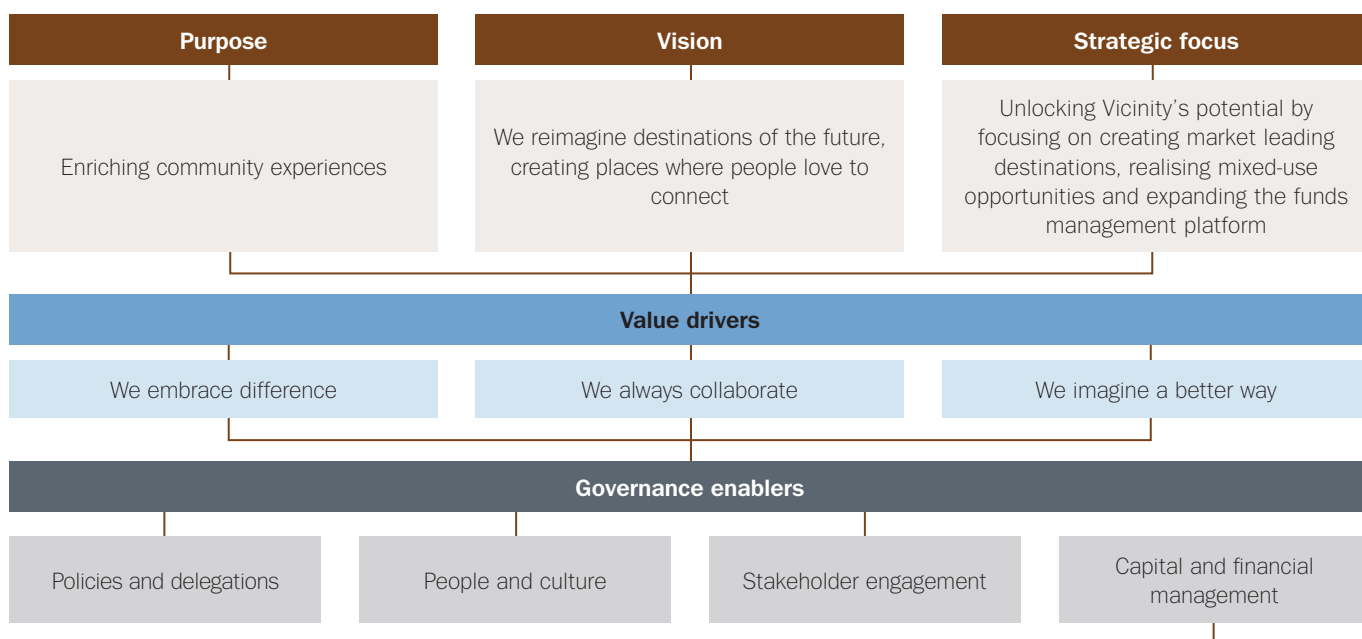
This statement is current as at 19 August 2020 and has been approved by the Board.

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

 vicinity.com.au/about-us/corporate-governance

Our governance model

Figure 1



Note: The following symbols are used in this statement to cross-refer to more information on a topic.

 References content within Vicinity’s 2020 Annual Report located in the ‘Financial Results’ section of Vicinity’s website: vicinity.com.au/investor-centre/financial-results

 Reference materials available on Vicinity’s website: vicinity.com.au

Role and responsibilities of the Board

Allocation of responsibilities

The Board is accountable to securityholders for the performance of Vicinity. The Board is responsible for providing strategic direction and overseeing management in the implementation of strategic objectives. In doing so, the Board aims to create long-term value and sustainable earnings growth for Vicinity's securityholders and wholesale fund investors, having regard as appropriate to the interests of all of Vicinity's stakeholders.

Other key responsibilities of the Board include:

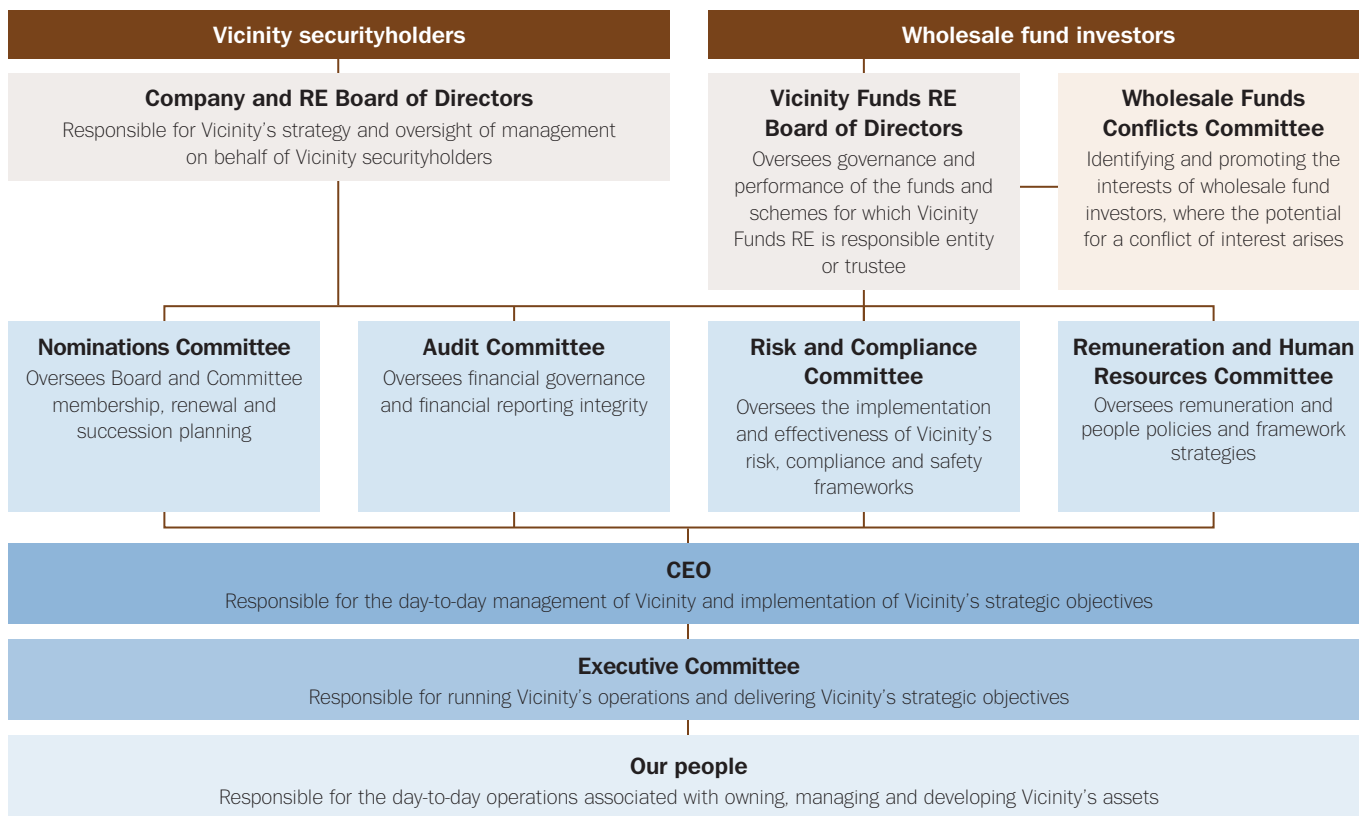
- approving operating budgets and major business initiatives, including significant capital expenditure, acquisitions and divestments
- demonstrating leadership and tone from the top, including approving the values and standards of conduct and monitoring governance practices at Vicinity
- monitoring the performance of management and challenging management where appropriate
- overseeing the processes for making appropriate, timely and balanced disclosure of all relevant material information concerning Vicinity
- setting risk appetite and monitoring the effectiveness of the risk management for both financial and non-financial risks
- monitoring the integrity of financial reporting and corporate reporting, including external audit
- appointing, setting the remuneration framework for, and planning succession of, the CEO and senior executives

Full details of the responsibilities and functions reserved for the Board are set out in the Board charter.

 vicinity.com.au/about-us/corporate-governance

The structure of our Board

Figure 2



Board and Committee composition

The composition of the Board and Committees¹ is as follows:

Table 1

Board	Nominations Committee	Audit Committee	Risk and Compliance Committee	Remuneration and Human Resources Committee
Trevor Gerber^{2,3} (Appointed 28 October 2015) Independent non-executive Chairman	C	M		M
Clive Appleton (Appointed 1 September 2018) Non-executive Director				
David Thurin (Appointed 11 June 2015) Non-executive Director				
Grant Kelley (Appointed 1 January 2018) CEO and Managing Director				
Janette Kendall (Appointed 1 December 2017) Independent non-executive Director			M	M
Karen Penrose (Appointed 11 June 2015) Independent non-executive Director		C	M	
Peter Kahan⁴ (Appointed 11 June 2015) Independent non-executive Director	M	M		C
Tim Hammon (Appointed 15 December 2011) Independent non-executive Director	M		C	M

C – Chairman, M – Member

Non-executive Director – Ms Wai Tang

On 17 February 2020, Vicinity announced, with great sadness, the passing of non-executive Director Ms Wai Tang, following her resignation on 14 February 2020.

COVID-19 response

Vicinity's operations were significantly impacted during the second half of FY20 by the COVID-19 pandemic. As a result, the Board met with increased frequency to provide strategic direction and oversee the effective management of the response to the pandemic, as reflected in the number of special purpose board meetings disclosed in the Directors' Report within the Annual Report.

Further information on the impact of the pandemic and Vicinity's response can be found in the Operating and Financial Review within the Annual Report.

Director independence

The Board annually assesses the independence of each non-executive Director which is determined in accordance with the Board charter and having regard to the factors relevant to assessing the independence of a director set out in the ASX CGC Principles and the interests that the Directors have disclosed.

1 On 3 December 2019, Mr Trevor Gerber become Chairman of the Nominations Committee, Mr Peter Kahan became a member of the Nominations Committee, Ms Janette Kendall retired from the Nominations Committee and became a member of the Risk and Compliance Committee and Dr David Thurin AM retired from both the Risk and Compliance Committee and Nominations Committee.

2 Mr Gerber was appointed as Chairman of the Vicinity Board effective from the conclusion of the 2019 AGM on 14 November 2019.

3 On 11 June 2015, following the merger of Novion Property Group and Federation Centres (Merger) Mr Gerber was appointed a Director of the RE. Mr Gerber was appointed as consultant to, and alternate Director of, the Company as the Company's constitution contained a limit on the maximum number of directors being eight. Securityholders resolved to remove this limit at the Company's 2015 AGM on 28 October 2015. Subsequently Mr Gerber was appointed a Director of the Company.

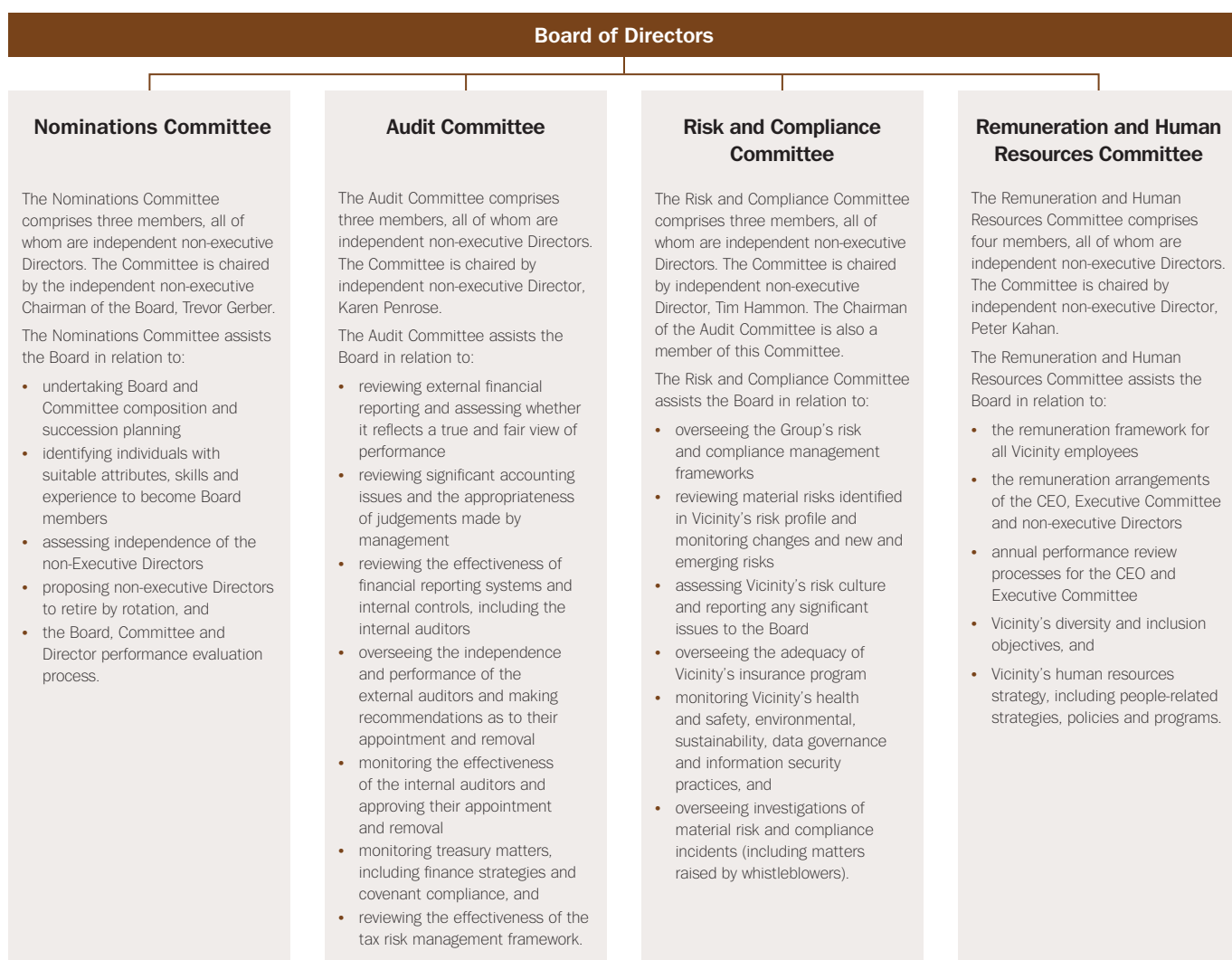
4 As announced on 24 April 2019, Mr Kahan had been appointed as Chairman of the Vicinity Board effective from 14 August 2019. Subsequently in July 2019, Mr Kahan went on a leave of absence due to a health condition. Upon return from his leave of absence on 1 October 2019 Mr Kahan did not resume the Chairmanship.

All non-executive Directors, including the Chairman of the Board, have been assessed as independent non-executive Directors for FY20, other than Dr David Thurin AM and Mr Clive Appleton who are connected with The Gandel Group, a major securityholder, at the date of this statement. Accordingly, and given the CEO, Mr Grant Kelley is not considered independent as an executive, five of the eight Directors are independent non-executive Directors.

Committee composition and responsibilities

The Board has established a Nominations Committee, Audit Committee, Risk and Compliance Committee and Remuneration and Human Resources Committee to assist the Board in discharging its duties. Each Committee operates under a charter approved by the Board and all Directors may attend Committee meetings. The role of each Committee is outlined below, noting full details of each Committee’s responsibilities are included in its respective charter and the Board may delegate further powers to, or determine additional responsibilities for, any of the Committees:

Figure 3



Following each Committee meeting, the Committee Chairmen provide reports to the next Board meeting with respect to the items of business considered by the relevant Committee. The Committees provide recommendations to the Board as required.

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

Relationship of the Board with Management

Allocation of responsibilities

The CEO, together with the members of the Executive Committee and senior leaders (together, **Management**), is responsible for implementing Vicinity's strategy, achieving Vicinity's business performance and financial objectives and carrying out the day-to-day management of Vicinity's affairs.

Management is also responsible for supplying the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

Delegations framework

Vicinity has in place a Delegations Policy which supports Vicinity's purpose and strategy through efficient decision making and effective risk management. The policy sets out who has authority to make decisions on behalf of Vicinity. Management and all Vicinity employees must operate in accordance within the Board's approved policies and delegated authority limits.

Management committees

The CEO has established Management committees to facilitate decision making by Management as outlined below:

Figure 4



Company Secretary

The Board is responsible for the appointment of Vicinity's Company Secretaries who are accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board and the Committees. The Company Secretaries are also responsible for the smooth running of the Board and the Committees, communications with the ASX, overseeing and maintaining Vicinity's corporate governance framework and ensuring all governance matters and procedures are properly addressed. The General Counsel is also appointed as a Company Secretary and provides legal advice to the Board as required.

All Directors have access to the Company Secretaries and General Counsel for advice and information on governance matters.



[Our Executive Committee page 41](#)

Ethical and responsible decision making

Code of Conduct

Vicinity is committed to the highest level of integrity and ethical standards in all business practices and has in place a Code of Conduct (the **Code**) which supports Vicinity's values and behaviours by ensuring appropriate standards are maintained by Vicinity's Directors, Executive Committee, team members and contractors directly engaged by Vicinity (together, **Team Members**). The Code outlines how Vicinity expects its Team Members to behave and conduct business in the workplace and with stakeholders outside the organisation.

As part of Vicinity's annual performance review process, employees are assessed against Vicinity's values and the behavioural standards outlined in the Code.

The Code is disclosed on Vicinity's website and any material breaches under the Code are reported to the Remuneration and Human Resources Committee.

Conflicts of interest and related parties

Vicinity has in place a Conflicts of Interest Policy to ensure that the personal interests of employees, contractors and Directors do not interfere with, and are not perceived to interfere with, the interests of Vicinity.

Employees and Directors are required to disclose any potential or actual conflict of interest in relation to the affairs of Vicinity, including external associations, appointments and personal relationships.

In the event of a Director having declared a potential conflict, the Director will act in accordance with Vicinity's Conflicts of Interest Policy (and applicable law) to manage or avoid the conflict. Under their letters of appointment, all non-executive Directors are required to notify the Chairman before accepting a new external appointment which might conflict with or impact the time that they are able to devote to their non-executive Director role with Vicinity.

Vicinity's Related Party Transaction Policy will also apply in the event of a transaction between Vicinity entities or between a Director or their associates and a Vicinity entity. Full details of any related party dealings are set out in the notes to Vicinity's Financial Report as required under the Act.

Additional protocols operate for wholesale funds managed by Vicinity for which Vicinity Funds RE is responsible entity or trustee and for joint venture arrangements.

Wholesale Funds Conflicts Committee

Vicinity is committed to high standards of ethical conduct to ensure that conflicts of interest do not adversely affect members of the wholesale funds operated or managed by Vicinity and to avoid a perception that actual and potential conflicts of interest are not properly addressed.

A Wholesale Funds Conflicts Committee (**Conflicts Committee**) has been established under a charter and is convened as required.

The Conflicts Committee comprises at least three independent non-executive Directors of Vicinity Funds RE. The role of the Conflicts Committee is to ensure that interests of the applicable wholesale fund are identified and promoted where there is a potential conflict, including making decisions on behalf of the Board of Vicinity Funds RE if required.

Trading in Vicinity securities and hedging

Under Vicinity's Securities Trading Policy, trading in VCX securities by employees and Directors engaged by Vicinity is prohibited during the following blackout periods and during any other periods that the Board may determine:

- from 1 January and until the trading day after the release of Vicinity's half year financial results, and
- from 1 July and until the trading day after the release of Vicinity's full year financial results.

Additional restrictions apply to Restricted Officers, including Directors, Management, other designated employees and any of their close associates, whereby pre-trade approval must be obtained before they deal in VCX securities. Each Director is required to provide notice to the Company Secretary of any dealings in securities within two business days of the trade for reporting to the ASX.

The Securities Trading Policy is subject to the overriding prohibition against trading while in possession of inside information and prohibits Management from hedging or otherwise limiting their exposure to risk in relation to unvested VCX securities issued or acquired under any applicable equity arrangements and from entering into margin lending agreements in relation to VCX securities.

Risk management framework

The identification, assessment and management of risks and opportunities are core competencies supporting the achievement of Vicinity's strategy and objectives. Vicinity adopts a structured and comprehensive approach to managing financial and non-financial risk to help provide benefits to its stakeholders, including securityholders, employees, consumers, retailers and the community in which Vicinity operates. This approach extends to economic, environmental and social risks, as discussed further in the 'Sustainability risks' section below.

Vicinity's business model is to operate responsibly in taking well understood and well managed risks within the bounds of Vicinity's risk appetite set by the Board. Vicinity's Risk Management Policy, Risk Appetite Statement and Enterprise Risk Profile, together the foundation of Vicinity's Enterprise Risk Management Framework, are monitored by Management and reviewed by the Board or Risk and Compliance Committee as appropriate annually, and were reviewed during FY20. Vicinity's Enterprise Risk Management Framework also considers relevant contemporary and emerging risks based on processes and procedures that Management have in place to identify and assess those risks.

During the year, a detailed review was undertaken to understand the impacts of COVID-19 on Vicinity's risk profile. This assessment continues to be reviewed by Management and further details can be found in the risk disclosures in the Operating and Financial Review within the Annual Report, which outline the impact that COVID-19 has had on Vicinity's material enterprise risks and how these risks are being, or are intended to be, managed. Vicinity's risk management approach will continue to evolve as the longer-term impacts of COVID-19 on the global and domestic economy and Vicinity's risk profile become clearer.

At each half year and full year reporting period, the Board receives assurance from Management as to the existence of a sound system of risk management and internal control. Management provided this attestation in August 2020 at the time of approval of the 2020 Financial Report.

The Risk and Compliance Committee receives quarterly risk governance reports which are made available to all Directors. These reports also capture any new and emerging risks.

Responsibility for risk management

The assignment of roles and responsibilities for risk management activities follows a ‘three lines of defence’ model to ensure risks are appropriately managed through the establishment of an efficient and effective governance, risk and control framework.

The three lines of defence model is summarised below:

Figure 5



- **1st line** – Management is responsible for developing a risk aware culture and identifying, assessing and managing risks associated with pursuing Vicinity’s strategic objectives.
- **2nd line** – functions such as the Risk, Compliance and Safety teams are responsible for establishing and overseeing risk, compliance and safety frameworks, constructively challenging business risk assessments and for reporting the aggregate risk position to Management, the Risk and Compliance Committee and the Board.
- **3rd line** – internal and external Audit is responsible for the provision of independent and objective assurance on the effectiveness of risk management, control and governance processes.

Sustainability risks

The Board and Management recognise that Vicinity must identify and manage exposure to a range of material economic, environmental and social sustainability risks (**Material Sustainability Risks**). Vicinity undertakes an independent materiality assessment every two years to identify Vicinity’s long-term Material Sustainability Risks. The results of this assessment have been integrated within Vicinity’s Enterprise Risk Profile.

Vicinity’s Material Sustainability Risks (including physical and transition climate change risks⁵), how it manages or intends to manage those risks and Vicinity’s progress are disclosed in the ‘our management of risk’ section of the 2020 Annual Report and on Vicinity’s website⁶.

[Our management of risk page 20](#)

Vicinity has a sustainability strategy (displayed in Figure 6) that is integrated into our Group strategy, which addresses our most Material Sustainability Risks, as well as opportunities, with a focus on creating shared value for Vicinity and our stakeholders.

vicinity.com.au/sustainability

Figure 6



5 Vicinity manages and discloses our climate related risks in accordance with the Task Force on Climate-related Financial Disclosures framework on our website at <http://sustainability.vicinity.com.au/improving-our-environment/#approach-to-managing-climate-change>
 6 Material Sustainability Risks and opportunities are disclosed on our website at <http://sustainability.vicinity.com.au/governance/#materiality>

Appointment of Board and Executive Committee members

Where a new appointment to the Board is being considered, Vicinity's policy is to obtain detailed background information and undertake screening of the potential nominee's character, experience, qualifications, criminal and bankruptcy history (**background checks**) prior to that nominee being issued with an invitation to join the Board. External independent search firms may be retained by the Board to identify suitable candidates for Directorship.

All new non-executive Director appointments for Vicinity are confirmed by a formal letter of appointment entered into by the Directors personally, which sets out the terms of appointment and the obligations of the Director to comply with key policies and procedures.

The Board will provide securityholders with all relevant material information in its possession regarding a decision for the election or re-election of a Director.

Vicinity also undertakes background checks of Executive Committee members before their appointment is effective and each Executive Committee member has entered into an executive services agreement with Vicinity in their personal capacity.

Director induction and ongoing education

Vicinity has a tailored Director induction program to educate new Directors about Vicinity's business and key issues. Incoming Directors are also invited to attend and observe Board and Committee meetings prior to their appointment and provided with relevant corporate governance documentation, policies and background material.

During their tenure, Directors are expected to undertake ongoing education to maintain their qualifications and skills as a Director. Directors are provided with the opportunity to visit a selection of Vicinity's assets each year and to meet with Management to gain a better understanding of business operations.

Vicinity arranges briefings or director education sessions facilitated by Management or external advisers to ensure Directors keep abreast of changes in relevant legislation, regulation, governance practices and the environment in which Vicinity operates.

Performance review

The Board undertakes an annual performance review and, during the first half of FY20, a broad-ranging, independent Board performance evaluation facilitated by an external consultant was concluded. Given the extensive nature of this evaluation, the reprioritisation of work due to COVID-19 and the relatively short period of time that has lapsed since Mr Gerber's appointment as Chairman of the Board, the annual performance evaluation that would typically have commenced by the date of this statement has been deferred.



vicinity.com.au/investor-centre/asx-releases

Board skills, experience and attributes

The Board is committed to maintaining diversity of skills, experience and attributes in the membership of the Board.

The Board skills matrix identifies the capability of Directors in areas considered most relevant to Vicinity. The skills matrix was reviewed during FY20 and Directors were required to classify their level of capability for each skill in the matrix as either Expert, Advanced or Competent based on a set of descriptive guidelines.

Directors who assessed their skill level as Advanced or Expert satisfied the capability requirement for inclusion in the matrix. Directors who assessed their skill level as Competent in any skill category have not been included in the matrix.

Having assessed its composition and the results of the analysis set out above, the Board considers that it has the appropriate mix of skills and experience to discharge its responsibilities effectively as set out in Figure 7.

Director skills and experience matrix

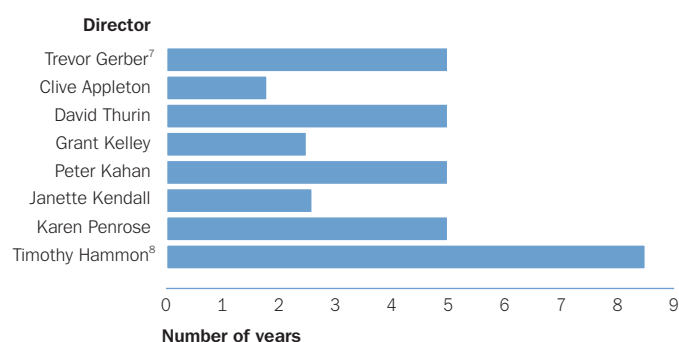
Figure 7

Skills/experience category	Industry Experience			Functional and Operational Management Experience					
	Property/ Development	Funds management	Leadership and people	Financial acumen	Capital management	Strategy	M&A execution	Legal/Risk/ Health and Safety	Digital innovation or disruption
Number of Directors with expert or advanced capability	7	6	8	8	6	8	8	7	4

Skills/experience category	Description of capability
Property/Development	Experience in property management, or design and construction of major property projects
Funds management	Experience in third party property funds management
Leadership and people	Leadership experience; experience in influencing organisational culture and in relation to remuneration frameworks
Financial acumen	Experience in financial accounting and reporting, including analysing financial statements and assessing financial viability
Capital management	Experience in capital management strategies, including capital partnerships, debt financing and capital raisings; and/or experience in being a part of, or overseeing, a treasury function
Strategy	Experience in developing, implementing and challenging strategic plans to achieve the long-term goals of an organisation
M&A execution	Experience in merger and acquisition transaction execution and integration
Legal/Risk/Health and Safety	Executive experience in managing areas of major risk to the organisation (including legal risk); and/or experience in workplace health and safety
Digital innovation or disruption	Experience in developing and applying digital and emerging technology or product; and/or experience in leading or responding to digital disruption

Vicinity Board tenure

Figure 8



[Our Board page 38](#)

Remuneration framework

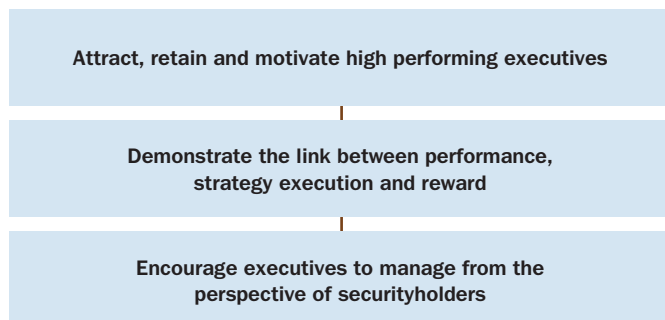
The objective of Vicinity’s remuneration framework is to build capability by attracting, retaining and engaging a talented executive team capable of managing and enhancing the business, while aligning their actions with securityholder interests. We recognise that remuneration represents just one of the factors that enables the attraction and retention of talent. We also seek to engage our executives over the long term and to provide challenging work and development opportunities. Vicinity’s remuneration framework that operated throughout FY20 is detailed in the Remuneration Report in our 2020 Annual Report.

[Remuneration Report page 54](#)

7 This period includes Mr Gerber’s tenure as an alternate Director of the Company. See note 3 to page 4.

8 This period includes Mr Hammon’s tenure as a Director of the Company and RE prior to Federation Centres’ merger with Novion Property Group on 11 June 2015. See table 1 page 4 for his appointment date.

The Remuneration Report details the remuneration of non-executive Directors and Executive Key Management Personnel (KMP) in line with Vicinity’s reward principles:



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

Minimum securityholding requirement – non-executive Directors

Vicinity operates a minimum securityholding requirement (MSR) for non-executive Directors. This encourages independent Directors to acquire a holding of securities with a minimum cost equal in value to one year of non-executive Director base fees (net of income tax and superannuation) within five years from the introduction of the policy in 2016 or from the Director’s commencement date, if later. Due to the trading restrictions outlined above, Directors have limited opportunities to acquire securities and are subject to the overarching prohibition on trading in securities whilst in possession of inside information.

The principal consideration of this mandatory securityholding policy is to reinforce the alignment of the independent non-executive Directors’ interests with those of Vicinity securityholders.

Minimum securityholding requirement – Executive Committee

Vicinity operates a MSR for Executive Committee members. This requires the CEO and other senior executives to build and retain a minimum holding of securities equal to 100% and 60% of Total Fixed Remuneration respectively within five years from the introduction of the policy in 2016 or the Executive Committee member’s commencement date, if later. Deferred short-term incentives and conditionally vested long-term incentives in a 12-month holding lock count towards the MSR.

Evaluating performance of Management

Throughout FY20, all employees, including Management, participated in a mandatory performance evaluation process which included the setting of objectives and measures. All employees participated in mid-year and end of year performance conversations and a mandatory performance evaluation, including an assessment of Vicinity’s values and behaviours, in accordance with this process.

The annual key performance indicators established for the CEO are cascaded, where appropriate, to the Executive Committee and other employees.

On an annual basis, the Remuneration and Human Resources Committee, and subsequently the Board, formally reviews the performance of the CEO, and the CEO formally reviews the performance of each Executive Committee member. The assessment criteria include both qualitative and quantitative measures covering financial and strategy portfolio enhancement and leadership, governance and operational excellence objectives.

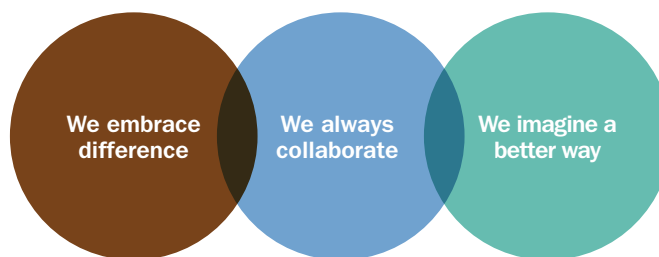
Further details on the reward framework, performance measures and the assessment criteria for the CEO and the Executive KMP (including equity-based plans) that operated during FY20 are set out in the Remuneration Report within our 2020 Annual Report.

 [Remuneration Report page 54](#)

Culture and values

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

Vicinity has the following values which guide its culture.



Underpinning each value is a set of behaviours which guide our decisions and define the way we conduct business. Our values and behaviours are embedded into our performance and reward frameworks and we continue to explore better ways to support a culture of high performance at Vicinity.

Diversity and inclusion

Diversity and inclusion at Vicinity is governed by a diversity and inclusion strategy and policy which demonstrates Vicinity’s commitment to creating an inclusive environment where the unique backgrounds, perspectives and experience of all team members are valued. As Vicinity’s diversity and inclusion strategy continues to evolve, greater focus will be given to the concept of ‘Belonging’ in recognition of its importance in unlocking the value of high performing and diverse thinking teams to deliver strong business outcomes. Progress against delivery of the diversity strategy is reported to the Remuneration and Human Resources Committee periodically.

In FY20, Vicinity continued to be a member and participant in key external advocacy bodies including Pride in Diversity, the Australian Network on Disability and the Diversity Council of Australia. Our commitment to diversity is also demonstrated via the ongoing delivery of our Innovate Reconciliation Action Plan, through initiatives such as our internal Vicinity Pride and Allies Network Group and through regular recognition of days of cultural significance, including Harmony Day, International Women’s Day and International Day of People with a Disability.

Vicinity continues to regularly track progress against its gender diversity targets which aim for 40% female, 40% male and 20% either gender (40:40:20) across each of the Workplace Gender Equality Agency (WGEA) categories and organisational levels by the end of FY23. Progress against Vicinity's gender diversity targets is detailed in Table 2.

Table 2

Organisational level	Female representation as at 30 June 2020	Female representation as at 30 June 2019
% Female representation on Board including CEO (WGEA category)	25% ⁹	33%
% Female representation on Executive Committee including CEO (Vicinity organisational level)	33% ¹⁰	30%
% Female representation Senior Leaders (Vicinity organisational level)	24%	26%
% Female representation Other Executive/General Manager¹¹ (WGEA category)	26%	25%
% Female representation Senior Managers (WGEA category)	33%	44%
% Female representation: Other Managers (WGEA category)	54%	45%
% Female representation: Whole of organisation (Vicinity organisational level)	60%	60%

Whilst 45% of all leadership positions across Vicinity¹² are held by women, these percentages are yet to translate to senior leadership levels. Our annual Pay Equity Review demonstrated that there are no pay equity gaps for males and females conducting the same roles with at least five incumbents. Gender diversity also continues to be supported through the use of gender diverse shortlists and gender diverse interview panels for all roles.

Our people policies and processes support the creation of a working environment which promotes diversity, inclusion and belonging, including our Code of Conduct, Recruitment Policy (including the use of gender diverse shortlists and interview panels for all roles), Flexible Working Arrangement Policy, Parental Leave Policy and our Performance Management Policy. In FY20 Vicinity also launched Family and Domestic Violence Guidelines to all team members.

Mr Grant Kelley continues to be a member of the Property Male Champions of Change, a forum established by the Property Council of Australia to drive greater gender equality in the property industry and increase the number of women in leadership roles. In FY20 we continued to deliver initiatives to support the career advancement of women through initiatives such as hosting the Property Council of Australia's 500 Women in Property event and continuing to support female Senior Leaders to complete the Chief Executive Women's Leadership Program. In FY20 our Graduate cohort was 60% female and 51% of all internal promotions and lateral moves were female.

As a relevant employer, Vicinity reports to the WGEA. Additionally, Mr Kelley continued as a WGEA Pay Equity Ambassador. Vicinity's

most recent publicly listed WGEA report, including progress against the WGEA Gender Equality Indicators, can be viewed at https://portal.wgea.gov.au/sites/default/files/public_reports/tempPublicReport_zl9cq9z42b.pdf. Vicinity's 2019-2020 WGEA report has been assessed as compliant and will be publicly available via the WGEA website in November 2020.

Whistleblowing at Vicinity

Vicinity's Whistleblower Policy enables and empowers Eligible Persons (as defined in section 12 of the Whistleblower Policy) to raise concerns about any wrongdoing without fear of reprisal. Vicinity offers Eligible Persons internal and external reporting channels, including through an external hotline where reports may be made anonymously.

The Whistleblower Policy provides for all reports to be investigated discreetly and, provided any report of wrongdoing is made on a genuine belief and reasonable grounds, Vicinity will take reasonable steps to protect a whistleblower. Vicinity will not tolerate any form of harassment, victimisation of, or retaliation against persons who report a wrongdoing. The Risk and Compliance Committee is notified of any incidents reported under the Whistleblower Policy and where a formal investigation has occurred, it will receive details of the incident and the findings and recommendations of the investigation. Full details of Vicinity's Whistleblower Policy are available on Vicinity's website.



vicinity.com.au/about-us/corporate-governance

⁹ Female representation on the Board reduced in FY20 due to the passing of Wai Tang.

¹⁰ Female representation on the Executive Committee increased due to the resignation of a male Executive Committee member.

¹¹ The Other Executive/General Manager WGEA category reflects the combination of the Vicinity Executive Committee and Senior Leaders.

¹² Includes female 'Other Executives/General Managers', 'Senior Managers' and 'Other Managers' as aligned to WGEA categories.

Communication

Continuous disclosure

Vicinity has adopted a Group Disclosure and External Communications Policy which together with associated procedures:

- has the principal objective of ensuring that Vicinity complies with its continuous disclosure obligations
- sets out the processes to ensure timely and meaningful disclosure of price sensitive information to Vicinity's securityholders and the market
- regulates processes for general updates regarding strategic, operational and financial performance of Vicinity, including preventing selective disclosure, and
- outlines the approval procedures for market announcements.

As a matter of good governance, Vicinity promptly provides its Directors with copies of all material market announcements made to ASX, in addition to making all lodgements to ASX available on Vicinity's website.

Keeping our securityholders informed

Vicinity's Investor Relations team coordinates an investor relations program that facilitates effective two-way dialogue with Vicinity's institutional and retail securityholders as well as analysts. This program includes:

- Vicinity's Annual General Meeting (AGM) which all securityholders have the right to attend. The AGM provides an opportunity for securityholders to ask questions of the Board and Management and express their views. Securityholders that do not attend can following the proceedings of the AGM from a webcast available on Vicinity's website. The AGM is also recorded and subsequent to the meeting the archive webcast is accessible at any time on Vicinity's website. All resolutions at the AGM are decided by a poll rather than by a show of hands. Vicinity is considering the appropriate approach for the 2020 AGM having regard to the ongoing COVID-19 situation and associated government restrictions
- the Annual Report which includes an overview of operations and financial results for the year. The Board encourages securityholders to access the Annual Report online to assist with Vicinity's commitment to the environment, as well as being more cost effective. A printed copy of the Annual Report will only be sent to those securityholders who have elected to receive it in this format. Otherwise, securityholders will be notified when the Annual Report is available to be accessed online, and
- Management briefings following the release of the half year and full year financial statements and reports.

From time to time, Directors attend meetings with securityholders. Care is always taken to ensure that no market sensitive information is discussed or disclosed in any meetings with securityholders or analysts. Vicinity releases any new and substantive investor or analyst presentations to the ASX ahead of the presentation, which are then subsequently placed on Vicinity's website. Vicinity's Investor Relations team also manages securityholder enquiries.



vicinity.com.au/investor-centre

Electronic communication with securityholders

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

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

- announcements made to ASX
- current key financial information, Annual Reports and Notices of AGM
- key corporate governance policies, the constitutions of the Company and the Trust, and the Board and Committee charters
- key dates and events, and
- current and archived webcasts of half year and full year results briefings and AGMs.

Capital and financial management

Financial risk management

Vicinity adopts a conservative approach to financial risk management and has in place policies to deal with liquidity and funding risk and financial market risks.

The objectives of Vicinity's liquidity and funding policies are to ensure that Vicinity and entities managed by Vicinity have funds available to meet financial obligations, working capital and committed capital expenditure requirements over a rolling 12 month period and sufficient liquidity to provide for unforeseen events which may negatively impact operating cashflows.

Vicinity's financial risk management strategy has the following objectives:

- to facilitate adherence to all relevant financial covenants
- to minimise the impact of adverse interest rate or foreign exchange movements and volatility on Vicinity profitability and securityholder distributions each financial year
- to diversify Vicinity's debt sources and derivative counterparties to mitigate counterparty credit risk, and
- ensure financial risk management activities are performed in an appropriate controlled environment with effective systems and procedures.

Integrity in financial reporting

The Board receives regular updates on the financial performance of the business and integrity of financial reporting via:

- quarterly Audit Committee and Board reporting on capital and treasury management and tax matters
- monthly management reporting of financial performance and business activities
- quarterly updates on annual forecasts, and
- quarterly internal audit reporting to the Audit Committee.

With respect to the half year and full year end reporting periods, the Audit Committee reviews the financial statements and financial statements analysis prepared by Management, considers critical accounting judgements and estimates considered material to the financial report and receives reports from Vicinity's independent external auditor.

CEO and CFO declarations

The Board receives a declaration from the CEO and CFO in accordance with the ASX CGC Principles and Section 295A of the Act for the full year financial period and an equivalent declaration for the half year financial period. The declarations confirm whether, in their opinion, the financial records of Vicinity have been properly maintained, whether the financial statements comply with Australian Accounting Standards and the Act and give a true and fair view of the financial position and performance of Vicinity, whether the opinion has been formed on the basis of a sound system of risk management and internal control and whether the system is operating effectively in all material respects in relation to financial risks.

External auditor

Ernst & Young (EY) is the financial and Australian Financial Services Licence and Compliance Plan auditor for the Company, the Trust and their controlled entities and for the wholesale funds for which Vicinity Funds RE is the responsible entity or trustee. The lead audit partner of EY attends Vicinity's AGM and is available to answer questions on the Group's financial statements and the conduct of the audit.

Vicinity has an External Audit Policy which provides that the Audit Committee will review the auditor's independence, taking into account the requirements prescribed in the Act and the standards agreed between Vicinity and the auditor, which include:

- rotation of the lead audit partner every five years
- half yearly confirmation by the auditor that it has satisfied all professional regulations relating to auditor independence
- half yearly reporting on the level of audit and non-audit services, and
- any non-audit work performed by the auditor, which must be carried out in accordance with the protocols described in the External Audit Policy.

The lead audit partner rotated at the completion of the FY19 audit.

Internal auditor

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

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

Glossary

AGM	Annual General Meeting
ASX	Australian Securities Exchange
ASX CGC Principles	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
Board	The Boards of the Company, the Responsible Entity and VFRE
CEO	Chief Executive Officer and Managing Director of Vicinity
CFO	Chief Financial Officer
Company	Vicinity Limited ACN 114 757 783
Corporations Act or Act	Corporations Act 2001 (Cth)
KMP	Key Management Personnel
Listing Rules	ASX Listing Rules
Responsible Entity	Vicinity Centres RE Ltd ACN 149 781 322, the responsible entity of the Trust
Trust	Vicinity Centres Trust ARSN 104 931 928
Vicinity, Vicinity Centres, VCX or any references to Group, us, we or our	The Company, the Trust, the Responsible Entity, VFRE and each of their respective controlled or managed entities
VFRE	Vicinity Funds RE Ltd ACN 084 098 180, the responsible entity of the Wholesale Funds managed by Vicinity
WGEA	Workplace Gender Equality Agency