

# REAL LIFE EXPERIENCES



## MESSAGE FROM THE CHAIRMAN

We are pleased to present our FY21 Corporate Governance Statement (**Statement**). This Statement is an important document which outlines the key governance practices we have adopted to support delivery of our strategy in accordance with the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**).

We are committed to high standards of governance in everything we do. We regularly review our governance practices to ensure they are fit for purpose and appropriately reflect the dynamic environment in which we operate, and the expectations of our stakeholders and the community. During FY21, our corporate governance framework was consistent with the 4th edition of the ASX Recommendations.

This Statement has been approved by the Board and is current as at 18 August 2021.

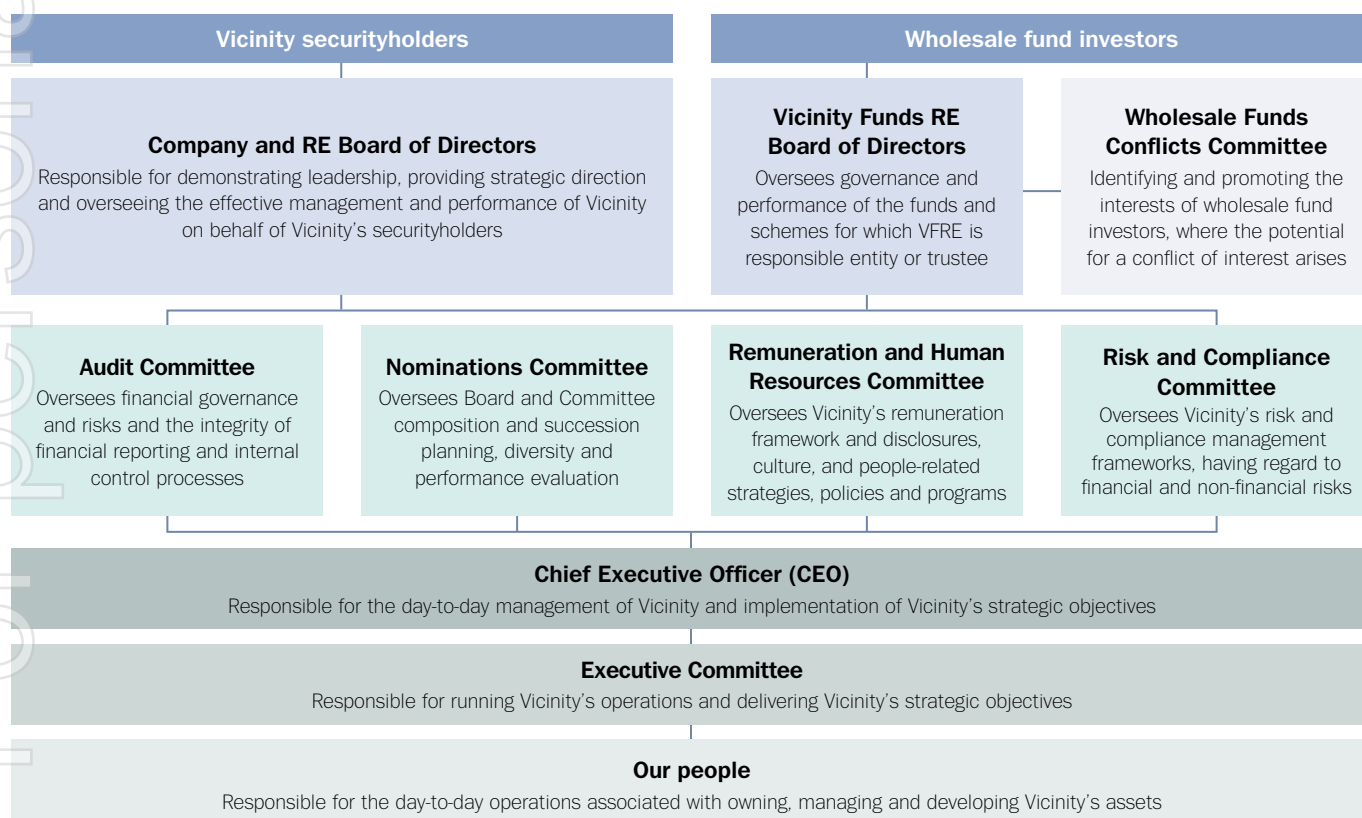


**Trevor Gerber**  
Chairman



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](http://vicinity.com.au/about-us/corporate-governance)

**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 2021 Annual Report located in the 'Financial Results' section of Vicinity's website:  
[vicinity.com.au/investor-centre/financial-results](http://vicinity.com.au/investor-centre/financial-results)



References materials available on Vicinity's website:  
[vicinity.com.au](http://vicinity.com.au)



## OUR BOARD

Our Board comprises eight directors, a majority of whom are independent.

The table below sets out our Directors and their independence status, length of service and the Annual General Meeting (**AGM**) at which they were last elected or re-elected.

**Table 1**

Director	Independence status	Length of service <sup>1</sup>	Last elected/re-elected
<b>Trevor Gerber</b> <b>Non-executive Chairman<sup>2</sup></b>	Independent	Five years (appointed 28 October 2015) <sup>3</sup>	2019
<b>Grant Kelley</b> <b>CEO and Managing Director</b>	Non-independent <sup>4</sup>	Three years (appointed 1 January 2018)	Managing Director not required to stand for re-election
<b>Clive Appleton</b> <b>Non-executive Director</b>	Non-independent <sup>5</sup>	Two years (appointed 1 September 2018)	2018
<b>Tim Hammon</b> <b>Non-executive Director</b>	Independent	Nine years (appointed 15 December 2011)	2018
<b>Peter Kahan</b> <b>Non-executive Director</b>	Independent	Six years (appointed 11 June 2015)	2020
<b>Janette Kendall</b> <b>Non-executive Director</b>	Independent	Three years (appointed 1 December 2017)	2018
<b>Karen Penrose</b> <b>Non-executive Director</b>	Independent	Six years (appointed 11 June 2015)	2020
<b>David Thurin AM</b> <b>Non-executive Director</b>	Non-independent <sup>6</sup>	Six years (appointed 11 June 2015)	2019

1. Relates to length of service on the Board of the Company and the RE. Messrs Gerber and Kahan, Ms Penrose and Dr Thurin were previously Non-executive Directors of Novion Property Group which merged with Federation Centres in June 2015 (**Merger**).
2. Mr Gerber was appointed as Chairman of the Board in November 2019.
3. In June 2015, following the Merger, Mr Gerber was appointed as a Director of the RE. Mr Gerber was appointed as a consultant to, and alternate Director of, the Company as the Company's constitution contained a limit on the maximum number of directors, being eight. Securityholders resolved to remove this limit at the Company's 2015 Annual General Meeting in October 2015. Subsequently, Mr Gerber was appointed as a Director of the Company.
4. Mr Kelley is considered a Non-independent Director as he is an executive of Vicinity.
5. Mr Appleton is considered a Non-independent Director as he is connected with The Gandel Group, a major securityholder of Vicinity.
6. Dr Thurin is considered a Non-independent Director as he is connected with The Gandel Group, a major securityholder of Vicinity.

Our Board annually, and prior to appointment, assesses the independence of each Non-executive Director in accordance with the Board Charter by considering the factors relevant to assessing the independence of a director set out in the ASX Recommendations and the interests that the Directors have disclosed. Directors are required to disclose any information which may affect their independence to the Chairman or the Company Secretary.

## Responsibilities of the Board

Our Board is responsible for demonstrating leadership, providing strategic direction and overseeing the effective management and performance of Vicinity. In doing so, the Board aims to create long-term value and sustainable earnings growth for Vicinity's securityholders and wholesale fund investors, having due regard to the interests of all of Vicinity's stakeholders.

Other key responsibilities of the Board include:

- setting Vicinity's strategy, purpose and vision, and overseeing management in its implementation of strategic objectives;
- approving and monitoring major business initiatives in excess of management's delegated authority thresholds, including major capital expenditure and capital management initiatives, acquisitions and divestments;
- demonstrating leadership and setting the tone from the top, including approving the values and code of conduct to underpin the desired culture and monitoring the effectiveness of corporate governance practices at Vicinity;
- monitoring the performance of management, challenging management and holding it to account where appropriate;
- overseeing the processes for making timely and balanced disclosure of material information concerning Vicinity;
- setting Vicinity's risk appetite, approving the risk appetite statement and monitoring the effectiveness of the risk management framework for both financial and non-financial risks and whether Vicinity is operating with due regard to the risk appetite statement;
- approving the remuneration framework and policies and ensuring that they are aligned to Vicinity's purpose, values, strategic objectives and risk appetite; and
- appointing, removing and planning the succession of the CEO.

Our Board and each Director may seek independent professional advice, at Vicinity's cost, on any matter relevant to the discharge of duties to assist our Directors in fulfilling their responsibilities.

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



### Board Charter

[vicinity.com.au/about-us/corporate-governance](https://vicinity.com.au/about-us/corporate-governance)

## Appointment of Non-executive Directors

For new appointments to the Board, detailed background checks and screening of the potential nominee are undertaken prior to appointment, including in relation to character, experience, qualifications, criminal and bankruptcy history. In some instances, external search firms may be retained by the Board to identify suitable candidates.

All new Non-executive Director appointments are confirmed by a formal letter of appointment, which sets out the terms of appointment and the obligations of the Director to comply with key policies and procedures.

Securityholders are provided with material information in Vicinity's possession regarding the election or re-election of a Director.

## Director induction and ongoing education

New Directors are offered a tailored induction program to educate them about Vicinity's business and key issues.

Each year, our Directors are provided with the opportunity to visit a selection of Vicinity's assets and to meet with management to gain a better understanding of business operations and investment opportunities.

Briefings or education sessions on relevant topics are facilitated by management or external presenters to ensure Directors are appropriately informed about key issues relevant to Vicinity and to support the Directors with the effective discharge of their obligations. These sessions may relate to strategic matters or other important matters such as legal, regulatory or governance developments.

## Performance evaluation

Our Nominations Committee is responsible for recommending to the Board the process for evaluating the performance of the Board, Board Committees, the Chairman and individual Directors, including whether to use external facilitators.

An evaluation of our Board led by the Chairman was undertaken in respect of FY21.

## Board skills, experience and attributes

Our Board is committed to maintaining diversity of skills, experience and attributes in its membership so it can effectively discharge its duties.

Our Board skills matrix identifies the capability of Directors in areas considered most relevant to Vicinity. Following the end of the financial year, 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 expert or advanced satisfied the capability requirement for inclusion in the Board skills matrix.

Having assessed its composition and the results of the analysis set out above, our Board considers that it has the appropriate mix of skills and experience to discharge its responsibilities effectively as set out in Table 2 below.

The relevant qualifications, experience and other directorships of each Director are available on Vicinity's website and in Vicinity's 2021 Annual Report.

**Table 2**

Skills/experience category	Description of capability	Number of Directors (out of 8) with expert or advanced capability
<b>Industry experience</b>	Property/development Experience in property management, or design and construction of major property projects	7
	Funds management Experience in third party property funds management	6
<b>Functional and operational management experience</b>	Leadership and people Leadership experience; experience in influencing organisational culture and in relation to remuneration frameworks	8
	Financial acumen Experience in financial accounting and reporting, including analysing financial statements and assessing financial viability	8
	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	6
	Strategy Experience in developing, implementing and challenging strategic plans to achieve the long-term goals of an organisation	8
	M&A execution Experience in merger and acquisition transaction execution and integration	8
	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	7
	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	3



### Director qualifications

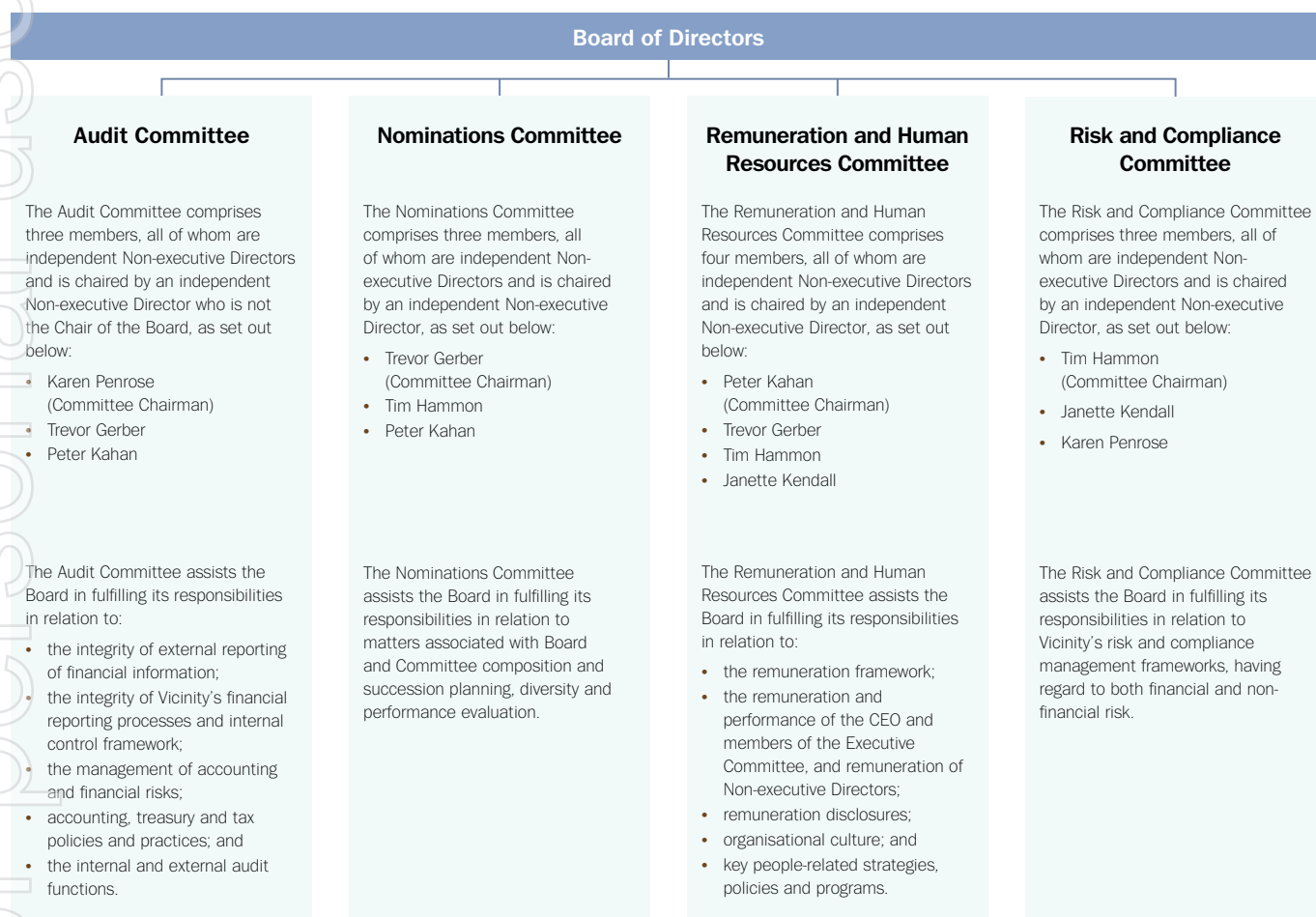
[vicinity.com.au/about-us/our-board](https://vicinity.com.au/about-us/our-board)

## Board Committees

Our Board has established an Audit Committee, Nominations Committee, Remuneration and Human Resources Committee and Risk and Compliance Committee to assist the Board in discharging its duties. Each Committee operates under a charter approved by the Board and all Directors have a standing invitation to attend Committee meetings. The composition and 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.

The Board receives copies of the minutes of all Committee meetings and, to the extent required, 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.

Figure 2



Full details of the responsibilities and functions reserved for our Committees are set out in the Committee Charters.



### Committee Charters

[vicinity.com.au/about-us/corporate-governance](https://vicinity.com.au/about-us/corporate-governance)

# RELATIONSHIP OF THE BOARD WITH MANAGEMENT

## Allocation of responsibilities

Our CEO, together with the members of our Executive Committee and senior leaders, is responsible for implementing Vicinity's strategy, achieving Vicinity's business and financial objectives and carrying out the day-to-day management of Vicinity.

Management is also responsible for providing our Board with accurate, timely and transparent information to enable the Board to perform its responsibilities.

## Appointment of Executive Committee and employees

We have a formal recruitment process for all employees. All employees, including Executive Committee members, are required to undertake background checks prior to their commencement.

Each Executive Committee member has an executive services agreement with Vicinity setting out their appointment terms.

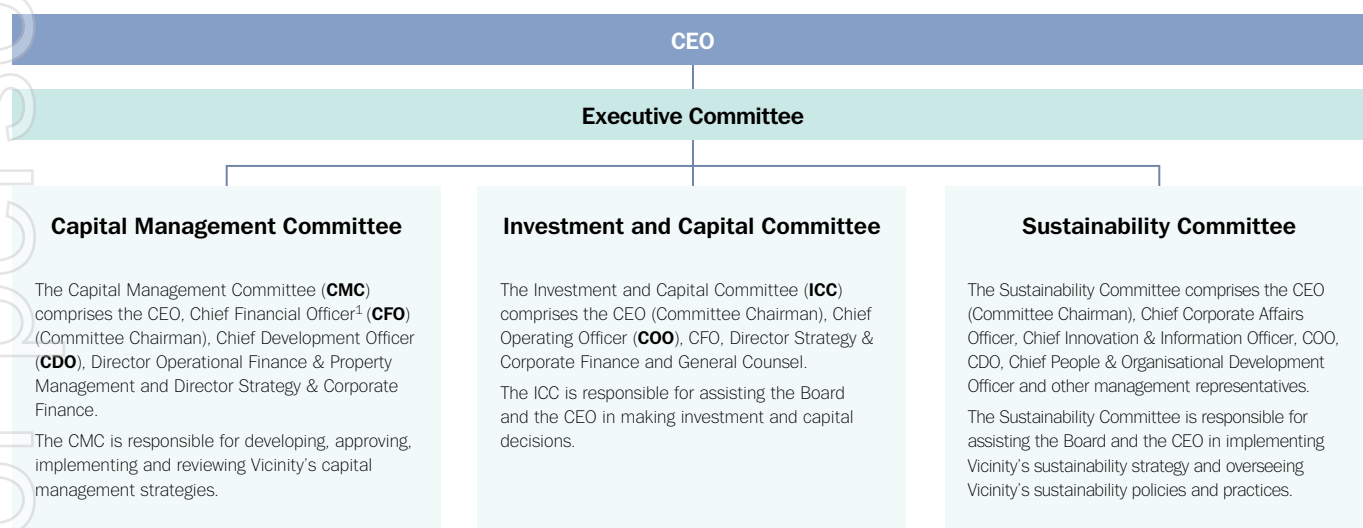
## Delegations framework

We have 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. All Vicinity employees must operate in accordance within the Board approved Delegations Policy and delegated authority limits.

## Management committees

Our CEO has established management committees to facilitate decision making by management as outlined below:

Figure 3



1. The Director Strategy & Corporate Finance, Mr Adrian Chye, is currently Acting Chief Financial Officer.

## Company Secretary

Our Board is responsible for the appointment of Vicinity's Company Secretaries. The Group Company Secretary is accountable to the Board, through the Chairman, for all matters to do with the proper functioning of the Board and advises on governance matters. The General Counsel is also appointed as a Company Secretary and provides legal and governance advice to our Board as required.

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



**Our Executive Committee** – page 45

## PERFORMANCE & ORGANISATIONAL DEVELOPMENT FRAMEWORK

### Remuneration framework

The objective of our remuneration framework is to build capability by attracting, retaining and engaging a talented executive team capable of managing and enhancing Vicinity's 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. This is assisted through linking executive remuneration to both the short and long-term performance of Vicinity. Our framework encourages executives to focus on creating long-term value and growth and complements our purpose of enriching community experiences while ensuring that short-term actions do not have a detrimental effect in the longer-term.

Our remuneration framework that operated throughout FY21 is detailed in the Remuneration Report in our 2021 Annual Report.



**Remuneration Report – page 60**

The Remuneration Report details the remuneration of Non-executive Directors and Executive Key Management Personnel (together, **Key Management Personnel**) in line with the following reward principles:

**Attract, retain and engage high performing executives**

**Demonstrate the link between performance, strategy execution and reward**

**Encourage executives to manage from the perspective of securityholders**

In discharging its responsibilities with respect to remunerating all employees fairly and responsibly, the Remuneration and Human Resources Committee has regard to external Australian benchmarking and engages independent consultants as necessary.

### Minimum securityholding requirement – Non-executive Directors

We operate a minimum securityholding requirement for Non-executive Directors. This encourages our independent Non-executive 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.

The principal consideration of this mandatory securityholding policy is to reinforce the alignment of the independent Non-executive Directors' interests with those of our securityholders.

### Minimum securityholding requirement – Executive Committee

We operate a minimum securityholding requirement for Key Management Personnel and other members of our Executive Committee. This requires the CEO and members of our Executive Committee to build and retain a minimum holding of securities equal to 100% and 60% of total fixed remuneration respectively within five years. The five-year period commenced from the end of the first full financial year following the Merger in June 2015 (i.e. by 30 June 2021), or five years from the end of the first full financial year following an executive's commencement date, if later.

Deferred short-term incentive securities and conditionally vested long-term incentive securities in a 12-month holding lock count towards the minimum securityholding requirement. Our Board will consider extending the five-year period for the CEO and other members of our Executive Committee should the minimum securityholding requirement be unattainable as a result of the lapsing of the FY18, FY19 and any subsequent long-term incentive grants and the cancellation of the FY20 short-term incentive which was impacted by COVID-19.

### Evaluating performance of management

All our employees are required to participate in a mandatory annual performance evaluation process, which involves, to the extent applicable, mid-year and end of year performance conversations and a mandatory performance evaluation, including an assessment against our values and behaviours.

The annual performance objectives established for our CEO are cascaded, where appropriate, to our Executive Committee and other employees.

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

Further details on the reward framework, performance measures for the short-term and long-term incentive plans and the assessment criteria for our CEO and our Key Management Personnel that operated during FY21 are set out in the Remuneration Report within our 2021 Annual Report.



**Remuneration Report – page 60**



## DIVERSITY, INCLUSION AND BELONGING

Our diversity, inclusion and belonging (**DIB**) strategy demonstrates our commitment to creating an environment where the unique backgrounds, perspectives and experience of all employees are valued and considered key to Vicinity's performance.

Our DIB strategy is set and governed by a Diversity Governance Forum (**Forum**), which is chaired by our CEO, and includes all Executive Committee members. The Forum meets quarterly to set and agree the direction of the DIB strategy and to provide executive sponsorship to ensure all efforts and initiatives are goal and objective aligned. Progress against delivery of the strategy is reported to the Remuneration and Human Resources Committee periodically.

In FY21, we 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 Disability.

We regularly track progress against our 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 our gender diversity targets is detailed in Table 3.

**Table 3**

Organisational level	Gender representation as at 30 June 2021	Gender representation as at 30 June 2020
<b>% Gender representation: Board including CEO</b> (WGEA category)	25% female 75% male	25% female 75% male
<b>% Gender representation: Executive Committee including CEO</b> (Vicinity organisational level)	33% female 67% male	33% female 67% male
<b>% Gender representation: Senior Leaders</b> (Vicinity organisational level)	19% female 81% male	24% female 76% male
<b>% Gender representation: Other Executive/General Manager<sup>1</sup></b> (WGEA category)	23% female 77% male	26% female 74% male
<b>% Gender representation: Senior Managers</b> (WGEA category)	38% female 62% male	33% female 67% male
<b>% Gender representation: Other Managers</b> (WGEA category)	60% female 40% male	54% female 46% male
<b>% Gender representation: Whole of organisation</b> (Vicinity organisational level)	61% female 39% male	60% female 40% male

While 46% of all leadership positions across Vicinity<sup>2</sup> are held by women, there is continued focus on ensuring the female leadership pipeline extends into senior and executive leadership roles across the organisation. Our annual Pay Equity Review demonstrated that there are no pay equity issues for males and females conducting the same roles with at least five incumbents and at least two incumbents of each gender.

Our people and organisational development 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. Additionally, in FY21, a revised set of diversity principles were implemented to enable a uniform and systemic approach to strengthening our commitment to diversity.

Our CEO continues to be a member of the Property 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.

As a relevant employer, we report to the WGEA. Our most recent publicly available WGEA report, including progress against the WGEA Gender Equality Indicators, can be viewed via the WGEA website – [wgea.gov.au](https://wgea.gov.au).

1. The Other Executive/General Manager WGEA category reflects the combination of the Vicinity Executive Committee and Senior Leaders.  
2. Includes female 'Other Executives/General Managers', 'Senior Managers' and 'Other Managers' as aligned to WGEA categories.

## ETHICAL AND RESPONSIBLE DECISION MAKING

### Culture and values

We are committed to complying with laws and conducting our business ethically, with integrity and in accordance with our values.

Our culture and values are central to creating unique and relevant consumer experiences, delivering value to our retail partners and striving for excellence in everything we do.

We have adopted the following values which guide our 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. We continue to explore better ways to support a culture of high performance at Vicinity.

### Code of Conduct

We are committed to the highest level of integrity and ethical standards in all business practices and our Code of Conduct (the **Code**) supports our values and behaviours by ensuring appropriate standards of ethical and legal behaviour are maintained by our Directors, Executive Committee, employees and contractors directly engaged by Vicinity (together, **Team Members**). The Code outlines how we expect our 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 our values and the behavioural standards outlined in the Code.

The Code is available on Vicinity's website and any material breaches under the Code are reported to the Remuneration and Human Resources Committee or to the Board as appropriate.



#### Code of Conduct

[vicinity.com.au/about-us/corporate-governance](http://vicinity.com.au/about-us/corporate-governance)

### Anti-bribery and corruption

We have a zero tolerance of bribery or corruption in any form within all aspects of our business.

Our Anti-bribery and Corruption Policy applies to Team Members and parties with whom we deal, for example, tenants, suppliers, government agencies and joint venture parties.

We recognise that bribery and financial crime present a serious threat to Vicinity's reputation and our ongoing business. The Anti-bribery and Corruption Policy is an important part of our commitment to combat financial crime in all forms.

The Risk and Compliance Committee is required to be notified of any breaches of the Anti-bribery and Corruption Policy, with all reports of bribery and corruption investigated in accordance with the Whistleblower Policy.



#### Anti-bribery and Corruption Policy

[vicinity.com.au/about-us/corporate-governance](http://vicinity.com.au/about-us/corporate-governance)

### Whistleblowing at Vicinity

We are committed to creating and maintaining a working environment that adheres to corporate compliance, good corporate governance and lawful, ethical and responsible behaviour.

We have adopted a Whistleblower Policy to enable and encourage Eligible Persons (as defined in section 12 of the Whistleblower Policy) to raise concerns about any wrongdoing involving Vicinity without fear of reprisal through various channels, including anonymously through an external hotline.

Our Whistleblower Policy provides for all formal investigations to be conducted discreetly and in a fair, timely and objective manner. We will take reasonable steps to protect a whistleblower who makes a report in accordance with the Whistleblower Policy. We will not tolerate any form of harassment, discrimination, victimisation of, or retaliation against whistleblowers. Whistleblowers will not be penalised if the information they have provided turns out to be incorrect but the report was made on a genuine belief and reasonable grounds. Whistleblowers must not make reports that they know are misleading or not true, and if they knowingly make a false report this will be considered a serious matter.

The Risk and Compliance Committee is notified of any incidents reported under the Whistleblower Policy and, where a formal investigation has occurred, the Committee will be provided with details of the incident, the findings and recommendations of the investigation.



#### Whistleblower Policy

[vicinity.com.au/about-us/corporate-governance](http://vicinity.com.au/about-us/corporate-governance)

## Conflicts of interest

We have in place a Conflicts of Interest Policy to ensure that the personal interests of Team Members do not interfere with, and are not perceived to interfere with, the interests of Vicinity, and to assist Team Members in managing conflicts of interest.

Directors are required to disclose any potential conflicts of interest in accordance with the *Corporations Act 2001* (Cth) (**Corporations Act**) so that the Board is aware of the potential 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.

The Risk and Compliance Committee is required to be notified of any material breaches of the Conflicts of Interest Policy.



### Conflicts of Interest Policy

[vicinity.com.au/about-us/corporate-governance](http://vicinity.com.au/about-us/corporate-governance)

## Continuous disclosure

We have adopted a Group Disclosure and External Communications Policy to assist Team Members in understanding Vicinity's commitment to observing its continuous disclosure obligations, and their own obligations and responsibilities. The Group Disclosure and External Communications Policy outlines:

- the processes to ensure timely and meaningful disclosure of price sensitive information to Vicinity's securityholders and the market;
- the processes for general market updates regarding strategic, operational and financial performance of Vicinity, including preventing selective disclosure; and
- the approval procedures for market announcements.

Each Executive Committee member is responsible for monitoring the activities of their respective business units and teams to assess if any matter arises that may require disclosure to ASX and for bringing forward matters to the attention of the General Counsel, the Group Company Secretary or the CEO.

Our Directors are promptly provided with copies of all material market announcements made to ASX and all market announcements are made available on Vicinity's website.



### Group Disclosure and External Communications Policy

[vicinity.com.au/about-us/corporate-governance](http://vicinity.com.au/about-us/corporate-governance)

## Trading in Vicinity securities and hedging

We have adopted a Securities Trading Policy to ensure that Team Members are aware of insider trading laws, their obligations to deal in Vicinity securities in a lawful and appropriate manner and the ramifications of a breach of insider trading laws.

Under our Securities Trading Policy, Team Members are prohibited from trading in Vicinity securities during the following blackout periods and during any other periods that the Board may determine:

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

Restricted Officers (as defined in the Securities Trading Policy), which includes Directors, Executive Committee members, other designated employees and their close associates, are required to obtain approval before dealing in Vicinity securities. Directors are required to provide notice to the Group Company Secretary of any dealings in securities within two business days of the trade for reporting to ASX.

Our 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 Vicinity securities issued or acquired under any applicable equity arrangements and from entering into margin lending arrangements in relation to Vicinity securities.



### Securities Trading Policy

[vicinity.com.au/about-us/corporate-governance](http://vicinity.com.au/about-us/corporate-governance)

# RISK MANAGEMENT

## Risk management framework

The identification, assessment and management of risks and opportunities are core competencies supporting the achievement of our strategy and objectives. We have adopted a structured and comprehensive approach to managing financial and non-financial risk to help provide benefits to our stakeholders, including securityholders, Team Members, consumers, retailers and the community in which Vicinity operates. This approach extends to environmental and social risks, as discussed further in the 'Environmental and social risks' section below.

Our business model is to operate responsibly in taking well understood and well managed risks within the bounds of the risk appetite set by the Board. Our Risk Management Policy, Risk Appetite Statement and Enterprise Risk Profile, together the foundations of Vicinity's Enterprise Risk Management Framework, are monitored by management and reviewed annually by the Board or Risk and Compliance Committee, as appropriate, and were reviewed during FY21. 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, we continued to review the impacts of COVID-19 on Vicinity's risk profile. Further details can be found in the risk disclosures in the Operating and Financial Review section of the Annual Report, which outline the impact that COVID-19 has had on our material enterprise risks, where relevant, and how these risks are being, or are intended to be, managed. Vicinity's risk management approach will continue to evolve as our business model adjusts to respond to the longer-term impacts of COVID-19 on the global and domestic economies and structural changes in the industry.

At each half year and full year reporting period, our Board receives assurance from management as to the existence of a sound system of risk management and internal control.

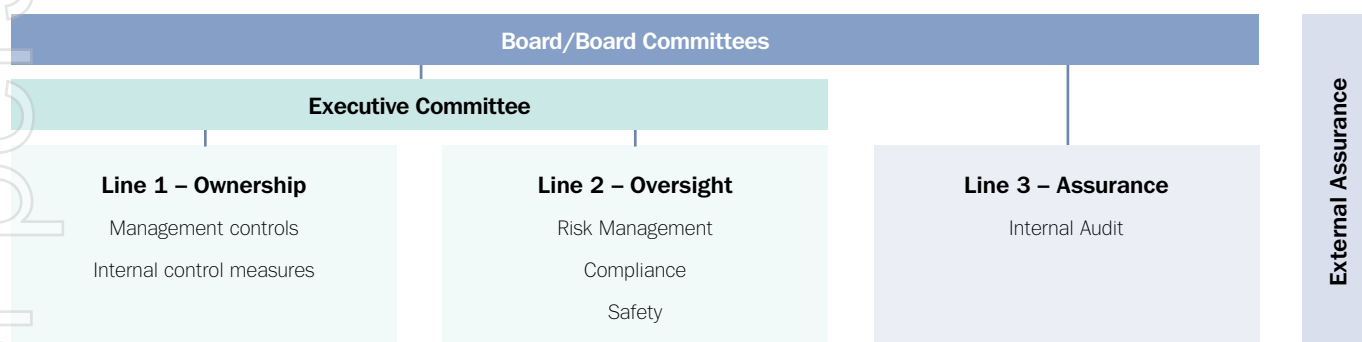
The Risk and Compliance Committee receives quarterly risk governance reports which are made available to all Directors. These reports also capture any new and emerging risks.

## Responsibility for risk management

The assignment of roles and responsibilities for risk management activities follows a 'Three Lines Model' to ensure risks are appropriately managed through the establishment of an efficient and effective governance, risk and control framework.

The Three Lines Model is summarised in Figure 4 below:

Figure 4



- **Line 1** – Management is responsible for developing a risk aware culture and identifying, assessing and managing risks associated with pursuing Vicinity's strategic objectives.
- **Line 2** – 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.
- **Line 3** – Internal Audit is responsible for the provision of independent and objective assurance on the effectiveness of risk management, control and governance processes.



**Our Operating and Financial Review** – page 10



## Environmental and social risks

Sustainability is critical to the long-term performance of our business. We recognise that we must identify and manage exposure to a range of material economic, environmental and social risks (**Material Sustainability Risks**). Our Material Sustainability Risks are overseen by the Sustainability Committee and the Risk and Compliance Committee.

We periodically undertake independent materiality assessments to identify our long-term Material Sustainability Risks with the results of these assessments integrated within Vicinity's Enterprise Risk Profile.

Our Material Sustainability Risks (including physical and transition climate-related risks) and how we manage or intend to manage those risks are disclosed in the 'our management of risk' section of the 2021 Annual Report, and on our sustainability website which has been prepared in accordance with the Global Reporting Initiative (**GRI**) Standard. We are a supporter of the Task Force on Climate-Related Financial Disclosures (**TCFD**) and our climate-related risk disclosures align with the TCFD recommendations.

In March 2021, we published our first Modern Slavery Statement which outlines the actions undertaken in FY20 to assess and address modern slavery risks in our operations and supply chain. Our modern slavery program of work is overseen by an internal working group which is chaired by the COO.

Our sustainability strategy (displayed in Figure 5 below) is integrated into our Group strategy and seeks to address our Material Sustainability Risks. The three pillars that underpin our sustainability strategy are Community Significance, Low Carbon Smart Assets and Climate Resilience.

Figure 5



**Sustainability**

[sustainability.vicinity.com.au](https://sustainability.vicinity.com.au)

## COVID-19 response

In FY21, our operations continued to be significantly impacted by the COVID-19 pandemic, with the Board meeting more frequently 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 2021 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 2021 Annual Report.



**Our Operating and Financial Review** – page 10

## INTEGRITY IN FINANCIAL AND CORPORATE REPORTING

### CEO and CFO declarations

Our Board receives a declaration from the CEO and CFO in accordance with the ASX Recommendations and section 295A of the Corporations 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 Corporations 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 VFRE is the responsible entity or trustee. The lead audit partner from EY attends Vicinity's AGM and is available to answer questions on the Group's financial statements and the conduct of the audit.

We have an External Audit Policy which provides that the Audit Committee will review the auditor's independence, taking into account the requirements prescribed in the Corporations 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.

### Internal auditor

We have 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 Operational Finance & Property Management and the 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 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.

### Verification of periodic corporate reports

We release a number of periodic corporate reports to the market, including our Annual Report, Corporate Governance Statement and full year and half year results.

We have processes in place to verify the integrity of our periodic corporate reports, which include the following:

- review and cross-checking of information by internal subject matter experts;
- review of information by relevant Executive Committee members;
- audit and review of our full and half year financial reports respectively by our External Auditor, EY;
- limited assurance of selected sustainability performance data included in the Annual Report by KPMG; and
- review by our Internal Audit function of certain information not otherwise audited or reviewed by EY or KPMG in our key corporate reports and other selected market disclosures.

## COMMUNICATION WITH SECURITYHOLDERS

### Keeping our securityholders informed

Our Investor Relations team coordinates an investor relations program that is designed to provide investors with appropriate information regarding Vicinity's business, governance, financial performance and prospects and to facilitate effective two-way communications with investors. This program includes:

- The AGM which all securityholders are encouraged to participate in. The AGM provides an opportunity for securityholders to ask questions of the Board and management and express their views. All resolutions at the AGM are decided by a poll. Securityholders can follow the proceedings of the AGM live from a webcast available on Vicinity's website which is subsequently accessible on Vicinity's website. In light of restrictions associated with COVID-19 and Vicinity's commitment to health and safety, the 2020 AGM was held virtually via an online platform and webcast live for securityholders. Through the online platform, securityholders were provided with the opportunity to vote and ask questions in relation to the business of the AGM in real time. Securityholders were also provided with the ability to submit questions in advance of the AGM. Vicinity will continue to monitor the ongoing COVID-19 situation and associated government restrictions when determining the approach for the 2021 AGM.
- The Annual Report which includes an overview of operations and financial results for the year. Securityholders can elect to receive an electronic or printed copy of the Annual Report.
- Results briefings which follow the release of the half year and full year financial statements and reports which securityholders can follow live from a webcast available on Vicinity's website. Webcasts are subsequently accessible on Vicinity's website.

We will, from time to time, conduct briefings with investors and analysts in accordance with the protocols set out in the Group Disclosure and External Communications Policy. Care is always taken to ensure that no market sensitive information is discussed or disclosed in any meetings with investors or analysts. Any new or substantive investor or analyst presentations are released to ASX ahead of the meeting or presentation, which are then subsequently made available on our website. Our Investor Relations team also manages securityholder enquiries.



#### Investor centre

[vicinity.com.au/investor-centre/overview](https://vicinity.com.au/investor-centre/overview)

### Electronic communication with securityholders

Our securityholders are encouraged to receive communications from, and send communications to, our security registry electronically.

We provide information about Vicinity and its governance to our securityholders via our 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 for securityholders; and
- webcasts of half year and full year results briefings and AGMs.

## GLOSSARY

<b>Board</b>	The Boards of the Company, the Responsible Entity and VFRE
<b>Company</b>	Vicinity Limited ACN 114 757 783
<b>FY21</b>	The financial year ended 30 June 2021
<b>Responsible Entity or RE</b>	Vicinity Centres RE Ltd ACN 149 781 322, the responsible entity of the Trust
<b>Trust</b>	Vicinity Centres Trust ARSN 104 931 928
<b>VFRE</b>	Vicinity Funds RE Ltd ACN 084 098 180, the responsible entity of the Wholesale Funds managed by Vicinity
<b>Vicinity, Vicinity Centres, or any references to Group, us, we or our</b>	The Company, the Trust, the Responsible Entity, VFRE and each of their respective controlled or managed entities