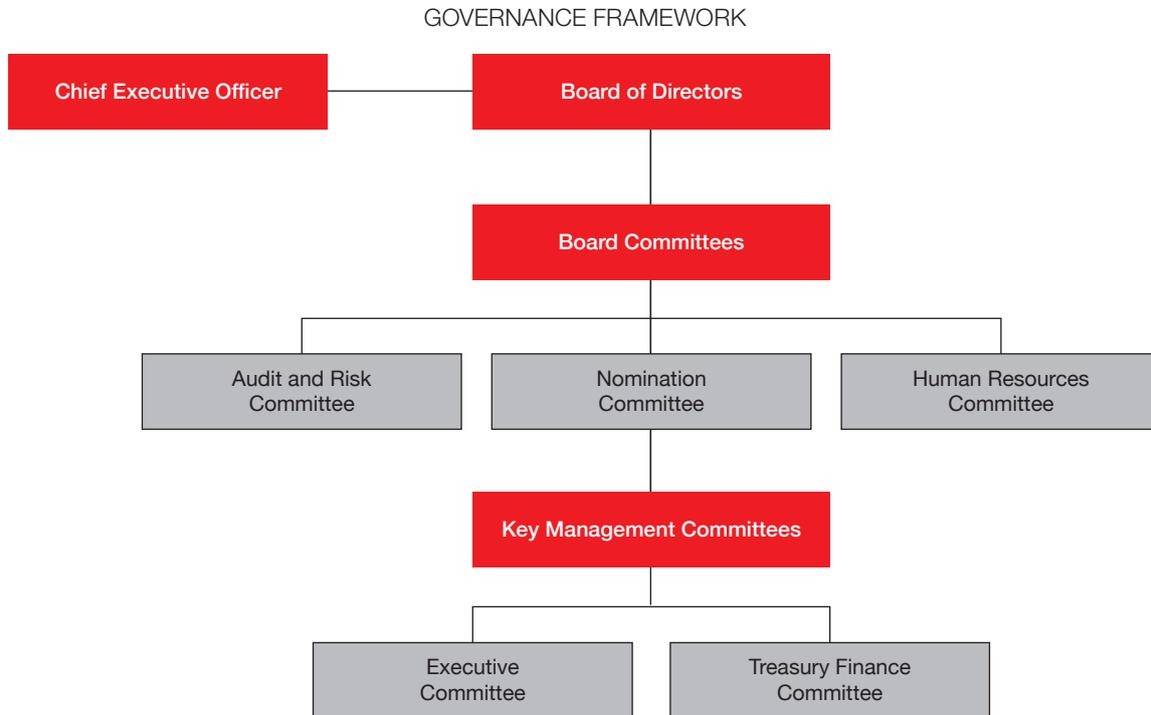


# Corporate Governance Statement

## Introduction

Scentre Group<sup>(1)</sup> is committed to ensuring that its policies and practices reflect a high standard of corporate governance. During 2017, the Group's corporate governance framework was consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition).

Our governance framework is outlined in the diagram below. Our corporate governance documentation, including this statement and the charters and policies referred to in it, are available in the corporate governance section on our website [www.scentregroup.com/About-Us/Corporate-Governance](http://www.scentregroup.com/About-Us/Corporate-Governance). This corporate governance statement was approved by the Scentre Group Board and is current as at 21 February 2018.



The Board comprises seven non-executive Directors and one executive Director (being the Chief Executive Officer (CEO) / Managing Director). The period of office held by, and the independence status of, each Director is set out below.

Name	Position Held <sup>(2)</sup>	Last elected or re-elected at an AGM	Independent (Y/N)
Brian Schwartz	Non-Executive Chairman	5 May 2016	Y
Peter Allen	CEO/Executive Director	N/A	N
Andrew Harnos	Non-Executive Director	5 April 2017	Y
Michael Ihlein	Non-Executive Director	5 May 2016	Y
Carolyn Kay	Non-Executive Director	5 May 2016: Standing for re-election at 2018 AGM	Y
Aliza Knox	Non-Executive Director	5 April 2017	Y
Steven Lowy	Non-Executive Director	5 May 2016	N
Margaret Seale	Non-Executive Director	5 May 2016: Standing for re-election at 2018 AGM	Y

<sup>(1)</sup> Scentre Group is a stapled entity comprising Scentre Group Limited, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3. The Boards of Scentre Group Limited, Scentre Management Limited (as responsible entity of Scentre Group Trust 1), RE1 Limited (as responsible entity of Scentre Group Trust 2) and RE2 Limited (as responsible entity of Scentre Group Trust 3) are identical. Each Board has adopted a common Board Charter which sets out the objectives and responsibilities of the Scentre Group Board. Each Board Committee operates as one "Scentre Group" Committee.

<sup>(2)</sup> Scentre Group was established on 30 June 2014. Prior to that date, Scentre Group Limited and Scentre Management Limited formed part of the prior Westfield Group and the appointment dates of Mr Schwartz (6 May 2009), Mr Allen (25 May 2011) and Mr Lowy (28 June 1989) pre-date the establishment of Scentre Group. Mr Harnos and Mr Ihlein were both appointed to Scentre Group Limited and Scentre Management Limited on 30 June 2014 (the appointment date to RE1 Limited and RE2 Limited, which formed part of the prior Westfield Retail Trust, was 21 December 2010). Ms Knox was appointed to each board on 7 May 2015 and Ms Kay and Ms Seale on 24 February 2016.

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### 1.1 Responsibilities of Board and management

The Board is responsible for overseeing the effective management and operation of the Group. The Board seeks to ensure that the business objectives of the Group are aligned with the expectations of securityholders and that the operations of the Group are effectively managed in a manner that is focused on those business objectives, as well as meeting all regulatory and ethical requirements.

#### Board Charter

The Board Charter sets out the primary objectives of the Board and the practices and processes the Board has adopted to discharge its responsibilities including the matters reserved for the Board and the delegation of authority to the CEO and other senior executives, including the limits on the execution of that authority by those officers.

This framework ensures accountability and a balance of authority by clearly defining the respective roles and responsibilities of the Board and the senior management team. In turn, this enables the Board to maintain its focus on strategic guidance while exercising effective oversight of the Group.

Key responsibilities of the Board are to:

- set and review the strategic direction of the Group;
- approve and monitor key budgets, business plans, financial statements, financial policies and financial reporting;
- establish, promote and maintain proper processes and controls and to maintain the integrity of financial accounting, financial records and reporting;
- develop and implement key corporate policies, procedures and controls as necessary to ensure appropriate standards of accountability, risk management and corporate governance and responsibility;
- oversee the adequacy of managerial resources to ensure there is adequate depth of resources and appropriate succession planning;
- monitor the performance of senior executives and the implementation of strategy;
- approve proposals for major new investments, capital expenditure and capital management initiatives as proposed by management;
- ensure that securityholders receive high quality, relevant and accurate information in a timely manner and that investors generally are able to trade in Scentre Group's securities in a market which is efficient, competitive and informed;
- determine and adopt distribution policies; and
- oversee compliance with our legal and regulatory obligations.

#### Board Committees

The Board delegates certain responsibilities to standing Committees which operate in accordance with charters approved by the Board. There are three standing Board Committees: the Audit and Risk Committee, the Human Resources Committee and the Nomination Committee.

Membership of the Committees is outlined below. Typically, the Chair of the Board also attends meetings of the Audit and Risk Committee and Human Resources Committee.

Executive	Audit and Risk Committee	Number attended	Number of meetings	Human Resources Committee	Number attended	Number of meetings	Nomination Committee	Number attended	Number of meetings
Brian Schwartz							Chair ✓	3	3
Andrew Harnos				Chair ✓	5	5	✓	3	3
Michael Ihlein	Chair ✓	5	5				✓	3	3
Carolyn Kay	✓	5	5						
Aliza Knox				✓	5	5			
Margaret Seale	✓	5	5	✓	5	5			

# Corporate Governance Statement (continued)

The roles and responsibilities of the Committees are outlined in this statement.

The Chair of each Committee reports to the Board at the Board's next meeting on any matters arising from the Committee's duties and responsibilities. The Board also receives copies of the minutes of all Committee meetings. This ensures that all Directors have oversight as well as the opportunity to discuss matters being considered by the Committees.

## **Delegation to Management**

Day to day management of the Group's business and operations is delegated by the Board to management through the CEO subject to the agreed authority limits applicable to the senior executive team.

The CEO is assisted by the Chief Financial Officer (CFO) and Chief Operating Officer (COO) and other members of the Executive Committee. The CEO together with the Executive Committee is responsible to the Board for the development and implementation of strategy and the overall management and performance of the Group.

The CEO reports regularly to the Board on the progress being made by the Group in all aspects of the business including shopping centre operations, developments, capital markets and potential new business opportunities.

The CFO also provides comprehensive reports on the Group's financial performance and other relevant matters such as the Group's gearing and liquidity.

## **1.2 New appointments/Re-election of Directors**

Appropriate checks are undertaken before a new candidate is recommended to the Board for appointment. These include checks as to the candidate's experience, educational qualifications, character, criminal record and bankruptcy history.

As noted at 2.1 'Structure of the Board and role of the Nomination Committee', the Board, on the recommendation of the Nomination Committee, determines if it will endorse a Director retiring under the Company's constitution or Listing Rules, for re-election.

## **1.3 Written agreements with Directors**

New Directors receive a letter of appointment which sets out the key terms and conditions of their appointment.

The letter of appointment clearly defines the role of Directors, including expectations in terms of independence, participation, time commitment and continuous development. Directors are required to disclose, on an ongoing basis, circumstances that may affect, or be perceived to affect their ability to exercise independent judgment so that the Board can determine independence on a regular basis. The letter also provides that if a Director ceases to be a Director of Scentre Group Limited for any reason, they must also resign as a Director of Scentre Management Limited, RE1 Limited and RE2 Limited.

Procedures are also set out by which Directors are able to take independent, professional advice at the Group's expense. Directors are encouraged to direct any enquiries or requests for additional information to the Company Secretary, who will facilitate a response to the query and/or provide the Director with the requested information. Directors also have access to key members of the senior management team, who regularly attend Board meetings to make presentations.

## **1.4 Role of the Company Secretary**

The Company Secretary is directly accountable to the Board, through the Chairman, on all matters relating to the proper functioning of the Board and its Committees. The Company Secretary works with the Chairman, the Board and the Board Committees and is responsible for ensuring the smooth running of the Board and Board Committees and that all governance matters are properly addressed. All Directors have access to the Company Secretary for the purpose of obtaining information or advice.

## **1.5 Diversity**

During 2017, we continued to demonstrate our ongoing commitment to diversity and inclusion by developing targeted initiatives aimed at attracting, developing and retaining a diverse workforce to help fulfil our vision of "being the place that talent can thrive".

Diversity and inclusion is a key corporate strategy. Diversity in the workforce is a key contributor to the success of our business and we seek to create an inclusive culture that supports employees at all stages of their career and encourage them to succeed to the best of their ability. Inclusion is about recognising and valuing the contribution of people from different backgrounds, with different perspectives and experiences.

Progress against our 2017 objectives is set out in the table on page 77.

During the year, our CEO, Peter Allen continued in his role as a Property Male Champion of Change, an initiative of the Property Council of Australia. He was also invited by the Workplace Gender Equality Agency (WGEA) to be a pay equity adviser. The Group was invited by the WGEA to be cited as an employer of choice.

Gender remains a strong focus. We currently have three women on our Board. During the year, we actively promoted three senior females to General Manager roles and appointed a new female General Manager in Design and Construction.

In terms of our workforce, the representation of men and women is 47% and 53% respectively.

Our senior executives are those executives (currently numbering 52) who are General Manager level and above (CEO – 3). At the date of this report, at the senior executive level, 77% are male and 23% are female.

For 2017, we had three core objectives to measure diversity and inclusion performance. These were:

Focus area	Commitment	What we achieved
<p><b>Diversity</b></p> <p>To increase our attraction, recruitment and retention of a diverse workforce</p>	<p>▶ Achieving 22% representation of females at the senior executive level (General Manager and above). Increased female representation at the senior level formed part of the key performance indicators in 2017 for the senior executive team.</p> <p>The development of team specific diversity and inclusion action plans as part of people planning. In 2017 Divisional Directors and General Managers were required to identify team specific targets that as part of their key performance indicators for the year to accelerate the Group's commitment to meet its target for female representation at a senior level.</p> <p>Implementing recruitment practices and partnerships to reduce bias and ensure balanced shortlists of high quality candidates.</p> <p>The implementation of our Reconciliation Action Plan (RAP). A key commitment is continuing to partner with local communities, Aboriginal Employee Strategy (AES) and the AFL Sports Ready program on the placement of trainees in the Group's Indigenous Employment program.</p>	<p>▶ 2017 saw significant focus on improving female representation at all levels. During the year:</p> <ul style="list-style-type: none"> <li>– We increased female representation at the senior executive level (General Manager and above) to 22%, an increase of 6% from 2016 (this includes the recent appointment of Cynthia Whelan who commenced in February 2018 as Chief Strategy and Business Development Officer).</li> <li>– Senior female talent continued to be represented at strategic business forums. Executive and high potential females comprise 33% of our Senior Executive Leadership Forum (SELF) participants, up from 30% in 2016.</li> <li>– The representation of females in all manager positions across the business increased to 42% (41% in 2016). This continues to provide us with strong pool of females from which we can select future executives.</li> <li>– We continued to ensure that our female talent pool remains strong. During 2017, 49% of new hires and of our total candidate pool were female.</li> <li>– There was a decrease in the turnover of women from 41% in 2016 to 40% in 2017.</li> <li>– Following changes to our Parental Leave Policy in 2015, the number of employees taking parental leave increased from 46 in 2015 to 64 in 2017 including seven men.</li> <li>– Female tenure increased to an average of 6 years up from 5.7 in 2016 with average male tenure remaining static at 6.2 years.</li> </ul> <p>All business teams developed an action plan as part of their strategic business plan to help target areas for improvement at a local level.</p> <p>Employee Survey data for 2017 showed that across the business an overall increase in scores for work/life balance and inclusion and diversity scores.</p> <p>493 employees attended an Inclusive Management Program, 366 of which were people managers (representing 66% of all people managers). Those managers who did not attend in 2017 are scheduled to attend the program in 2018, along with any new people managers to the organisation.</p> <p>AES and AFL school based traineeships continued in 2017 with 21 students participating with two graduating in December 2017. A further 25 positions opened for recruitment for 2018.</p> <p>Enterprise wide, representation of the Aboriginal and Torres Strait Islander community in our workforce increased to .05% of total employee population up from .01% in 2016. In actual numbers, this is an increase from two to 11 people.</p>
<p><b>Inclusion</b></p> <p>To provide a supportive work environment that leverages all the ways we are different</p>	<p>▶ Achieving a score of 80% or greater against each of our flexibility (FY16: 79%) and inclusion (FY16: 74%) measures in the 2017 Employee Survey.</p> <p>Supporting employees to bring their whole selves to work, through the development of 2017 plan, in connection with:</p> <ul style="list-style-type: none"> <li>– Domestic and Family Violence</li> <li>– LGBTI</li> <li>– Mental Health</li> </ul>	<p>▶ Since the establishment of our Diversity and Inclusion Council in 2015, we have been committed to developing, promoting and implementing diversity and inclusion initiatives across the business.</p> <p>Our 2017 Employee Survey saw strong results in diversity and inclusion. Our overall scores for:</p> <ul style="list-style-type: none"> <li>– flexibility increased to 86% favourable (up from 79%); and</li> <li>– diversity and inclusion increased to 84% favourable (up from 74%).</li> </ul> <p>We also saw an increase to 80% favourable (66% in 2016) to the question: "I feel free to bring my whole self to work without fear of negative consequence".</p>

# Corporate Governance Statement (continued)

Focus area	Commitment	What we achieved
	<p>Developing and implementing an inclusive language campaign.</p> <p>Review policies to ensure there are no barriers to Aboriginal and Torres Strait Islander participation in the workplace.</p> <p>Further identifying barriers to diversity and inclusion through two way feedback channels and focus group sessions.</p> <p>The implementation of our RAP. Key commitments include:</p> <ul style="list-style-type: none"> <li>– Development of Welcome to Country and cultural protocols for acknowledgement at all significant Scentre Group events; and</li> <li>– Displaying acknowledgement to country plaque and artwork in our centres and support office.</li> </ul>	<p>An audit of Human Resources policies was conducted to ensure language was inclusive of diverse groups.</p> <p>Inclusive manager training for all people managers reinforced the need for inclusive language in engagement with employees.</p> <p>Our internal Champions of Change conducted 18 employee education/focus group sessions across all areas of the business to identify barriers to inclusion. The results have been used to refine our communications plan, the work undertaken by our working groups and to develop our diversity and inclusion plan for 2018.</p> <p>Guidelines for Welcome to Country and cultural protocols for acknowledgement at Scentre Group events have been developed and implemented across Scentre Group locations.</p> <p>Acknowledgement Plaques were placed in all Australian centres with an accompanying Welcome to Country ceremony.</p>
<p><b>Awareness and education</b></p> <p>To raise awareness and increase commitment to workplace diversity and inclusion across the business</p>	<p>▶ All people managers attending an Inclusive Manager training program by the end of 2017.</p> <p>Development and implementation of a change management plan that highlights key training, communications, day of significance and leadership activities in support of our diverse and inclusive workplace.</p> <p>Engaging employees in cultural learning opportunities to increase understanding and appreciation of Aboriginal and Torres Strait Islander people.</p>	<p>▶ By the end of 2017, 66% of all people managers had attended an Inclusive Management Program. Those managers who did not attend in 2017 are scheduled to attend the program in 2018, along with any new people managers to the organisation.</p> <p>We developed and implemented a change management plan under which:</p> <ul style="list-style-type: none"> <li>– We recognise days of significance in connection with the LGBTI community, family &amp; domestic violence, mental health and cultural diversity.</li> <li>– We provided mental health education for 35 senior managers to assess the viability of having staff act as mental health “first aiders”.</li> <li>– Members of our Executive Committee sponsored and led nine employee breakfast meetings with a total of 126 employees attending to raise awareness about mental health.</li> <li>– We conducted four LGBTI “Allies” training sessions bringing the total of our Allies trained to 174.</li> <li>– We conducted cultural awareness education sessions for 100 employees.</li> </ul> <p>We conducted cultural awareness education sessions in Western and South Australia, Victoria and Queensland regions for 100 employees.</p>

For 2018, we will focus on further embedding existing diversity and inclusion initiatives, with an emphasis on ensuring our operating culture is inclusive of all people. We are committed to:

Objective	Focus
<p><b>Diversity</b></p> <p>To increase our attraction, recruitment and retention of a diverse workforce</p>	<ul style="list-style-type: none"> <li>▶ – Achieving 25 – 27 % representation of females at the senior executive level (General Manager and above) to further diversify our executive leadership in the organisation.</li> <li>– In line with our vision “Being the place that talent can thrive”, further diversify our recruitment strategies and agency partnerships to tap into candidates from refugee, veteran and disability backgrounds.</li> <li>– In line with our purpose “Creating extraordinary places, connecting and enriching communities”, our centres will develop a calendar of events that recognise cultural days of significance within their local communities.</li> <li>– Engage with our business partners to identify opportunities to align our diversity and inclusion initiatives with our supply chain partners.</li> <li>– Continue the implementation of our RAP including our ongoing relationships with AES and AFL Sports Ready and the placement of a further 25 trainees in the Group’s Indigenous employment program.</li> </ul>
<p><b>Inclusion</b></p> <p>To provide a supportive work environment that leverages all the ways we are different</p>	<ul style="list-style-type: none"> <li>▶ – Explore how we can align our internal culture of diversity and inclusion with our external “Scentre Group / Westfield” brand to create psychologically safe and supportive environments in all of our centres to the benefit of our local communities.</li> <li>– Review our cultural values (DNA) to ensure they reflect our aspirations and beliefs on diversity and inclusion.</li> <li>– Broaden the role played by the executive sponsors of our Diversity and Inclusion Working Groups (RAP, LGBTI, mental health, domestic &amp; family violence and sexual assault) by their more active promotion of our DNA.</li> <li>– Establish working groups to explore ways to identify and remove barriers to the inclusion and advancement of people with disabilities and from different cultural backgrounds.</li> <li>– Embed leadership accountability for creating an inclusive culture by establishing KPI measures for all senior and executive leader roles.</li> </ul>
<p><b>Awareness and education</b></p> <p>To raise awareness and increase commitment to workplace diversity and inclusion across the business</p>	<ul style="list-style-type: none"> <li>▶ – Broaden the focus of our Allies group which currently supports our LGBTI initiatives to also support our mental health and domestic &amp; family violence and sexual assault initiatives.</li> <li>– Extend the role of our Champions of Change to coach our leaders so that they better support their teams in embedding inclusion as a way of working every day.</li> <li>– Implement a second module of the Inclusive Manager Program that focuses on managing, developing and recognising our people.</li> <li>– Educate all of our people about diversity and inclusion by implementing a suite of four Diversity and Inclusion digital guides and the completion of our Code of Conduct online learning module.</li> <li>– Introduce a staff award for inclusion as part of our company wide recognition program.</li> </ul>

## 1.6 Board self-assessment and performance

The Board considers that ongoing self-assessment on various aspects of the Board’s performance including skill sets is an important tool in reviewing Board performance.

The Board undertakes an annual performance review. This process includes an assessment and review of the performance of the Board, its Committee, Directors individually, the composition and skill sets of the Board and the Board’s relationship with management. During the year the review was conducted with the assistance of an external consultant with the results of the review being presented to the Board. The process involved the external consultant attending Board and Committee meetings as an observer, interviews with Directors and selected senior management.

## 1.7 Process for evaluating the performance of senior executives

We have an established process of objective setting and performance review of all employees, which is conducted on an annual basis. Senior executives have well defined objectives which are discussed and agreed at the commencement of each financial year. Each executive’s Key Performance Indicators (KPIs) are set annually with the purpose of motivating that executive to achieve performance objectives which will contribute to the short and longer term success of the Group.

KPIs are established each year under a performance and development system. KPIs are designed to measure both financial and non-financial performance. The objectives vary according to the role of the executive and typically relate to development, construction, retail management, corporate or strategic targets. Non-financial objectives include matters such as health and safety, risk management, compliance, people and culture, sustainability and a range of other matters relevant to our success.

During 2017, each member of the senior executive team, including the CEO, was subject to a performance review as described above. Details of the performance criteria against which the CEO were assessed for 2017 are set out in the Remuneration Report.

Written agreements are in place for senior executives, further details of which are set out in the Remuneration Report.

# Corporate Governance Statement (continued)

## PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

### 2.1 Structure of the Board and role of the Nomination Committee

The membership of the Board is reviewed by the full Board (following consultation with, and recommendations by, the Nomination Committee), having regard to the ongoing and evolving needs of our business.

Board renewal and succession planning is a central component of our overall governance program. The Board is committed to ensuring that it draws on a combination of executive and non-executive members with exceptional track records and reputations at the highest levels of business and commerce generally.

#### Nomination Committee

The role of the Nomination Committee is to support and make recommendations to the Board on the selection and appointment of Directors who are able to meet the needs of the Group presently and in the future. The Committee also facilitates the ongoing evaluation and review of the performance and effectiveness of the Board and the Directors.

The responsibilities of the Nomination Committee include:

- having regard to the strategic direction of the Group, assessing periodically the skills of current Board members against the collective skill set required by the Board to competently discharge the Board’s duties;
- regularly reviewing and making recommendations to the Board regarding the structure, size, diversity and composition (including the balance of skills, knowledge and experience) of the Board and reviewing the effectiveness of the Board;
- identifying suitable candidates (executive and non-executive) to fill Board vacancies as and when they arise and nominating candidates for approval of the Board;
- annually reviewing the performance of the Board; and
- ensuring the existence of proper succession planning processes and plans for the Board (including the CEO).

No member of the Committee participates in a review of their own performance or nomination for re-election.

The Board, on the recommendation of the Nomination Committee, determines if it will endorse a Director retiring under the Company’s constitution or Listing Rules, for re-election. The notice of meeting for our AGM will provide information that is material to a decision whether or not to support the re-election of a Director.

Recommendations regarding future appointment of additional Directors are made by the Nomination Committee and considered by the Board having regard to:

- the assessment made on the skill set required to discharge the responsibilities of the Board compared with the skills currently represented on the Board;

- the current strategic direction of the Group and the consequent need to consider skills which may be required in the future; and
- the suitability of available candidates identified in the context of a detailed description of the role and capabilities required for a particular appointment.

Recommendations made by the Nomination Committee are considered by the Board, which retains an unfettered discretion on the appointment of a Director to fill a casual vacancy or act as an additional Director, prior to the formal election of that Director by the securityholders at the AGM.

The Nomination Committee may retain the services of external recruitment specialists to help identify potential candidates for appointment to the Board.

Once a candidate is identified the Nomination Committee, with the assistance of external consultants where required, conducts appropriate background and reference checks before the candidate is appointed to the Board or put forward to securityholders for election.

### 2.2 Board Skills Matrix

The Board is committed to ensuring that it continues to include directors who bring an appropriate mix of skills, knowledge, experience, expertise and diversity (including gender diversity) to Board decision making.

The Board currently comprises eight directors, including seven non-executive directors. Details of the directors’ biographies, including their qualifications, are set out in the Directors’ Report. In terms of gender representation, we currently have three women on our Board representing 38%, which exceeds the 30% Club’s target of 30% female representation on a board.

The Board, with the Nomination Committee, actively work together in assessing the ongoing succession planning and renewal programme for the Board. In terms of defining the Board’s requirements for new directors, consideration is given to the skills, experience and background of existing board members, the Group’s strategy and any identified new or additional skills required to supplement the Board’s capabilities. Having regard to the strategic direction of the Group, the Nomination Committee also works with external advisors in assessing potential new directors and skills.

The Board skills matrix set out below describes the combined skills, experience and expertise presently represented on the Board.

The extent to which the Directors have the requisite skills reflects the significant experience of the Directors both with the Group and with other Australian and international companies in an executive or non-executive capacity with the Board demonstrating strong representation in finance and banking skills, ex-CEO skills, transactional skills, governance skills and an increased representation of digital skills.

### Skillset

**Leadership** – organisational, including senior executive leadership experience

**Strategy** – experience in developing and implementing strategic business plans

**Financial acumen** – senior experience in finance, including in financial accounting and reporting

**Real estate** – experience in real estate management, leasing, development, design and construction

**Retail and consumer marketing** – experience in retail (including physical and digital) and in customer service and management strategies

**Capital management** – senior experience in capital management strategies, corporate finance, capital markets and funds management

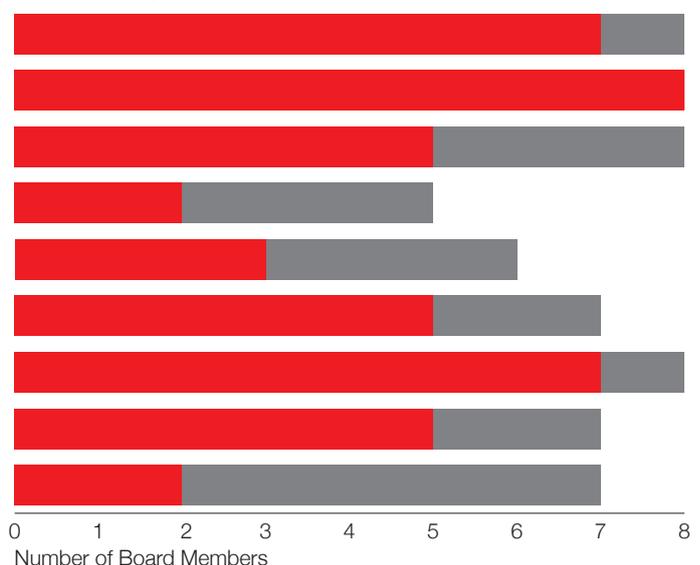
**Governance** – experience with governance in the listed sector

**Human resources** – senior experience in people management and human resources policy

**Innovation** – experience in transforming business models and processes including in relation to technology and digital platforms

■ Primary skillset ■ Secondary skillset

### Scentre Group Board Skills Matrix



### 2.3 Directors' Independence

The Board considers that it should include significant representation by Directors who are capable and willing to make decisions which are in the best interests of securityholders, free from interests and influences which conflict with that duty and who are also independent of management.

The Board regularly assesses the independence of each Director in accordance with the terms of the Board Charter, the interests they have disclosed and such other factors as the Board determines are appropriate to take into account.

In making this determination the Board sought to assess whether Directors were:

- independent of management; and
- free of any interest, position or association that might influence or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgement to bear on issues before the Board; and
- capable of making decisions which are in the best interests of securityholders generally.

In general, a non-executive Director will not be regarded as an independent director if that Director:

- is a substantial securityholder of Scentre Group or an officer of, or otherwise associated directly with, a substantial securityholder of Scentre Group;
- is, or within the last three years had been, employed in an executive capacity by any member of Scentre Group;
- is, or within the last three years had been, a partner or a senior management executive with audit responsibilities of a firm which has acted in the capacity of statutory auditor of any member of the Group;
- is, or within the last three years had been, a partner, director or senior employee of a material professional adviser to any member of the Group;
- is, or within the last three years had been, a principal, senior employee or associate of a material supplier to, or material customer of, any member of the Group;
- has a material contractual relationship with any member of the Group other than as a Director of the Board;
- has any interest or business or other relationship which could materially interfere with the Director's ability to act in the best interests of the Group and independently of management;
- has close family ties with any person who falls within any of the categories described above; or
- has been a Director of Scentre Group for such a period that their independence may have been compromised.

### 2.4 Independent Directors

As regards the non-executive Directors the following directors are considered independent: Mr Brian Schwartz, Mr Andrew Harnos, Mr Michael Ihlein, Ms Carolyn Kay, Ms Aliza Knox and Ms Margaret Seale.

### 2.5 Chairperson and Independence

The Chairman, Mr Brian Schwartz, is an independent non-executive Director.

### 2.6 Induction and ongoing education

New Directors participate in an induction program. This includes briefings with the CEO, CFO and COO and other members of the senior management team to provide the new Director with a deeper understanding of the main issues, strategic direction and material risks of each key business unit within the Group. As part of the program, Directors are given access to the external and internal auditors. Directors are also provided with all relevant corporate governance materials and policies.

We recognise that developing industry and corporate knowledge is an ongoing process. Regular briefing sessions to the Board and Board Committees are conducted on a number of topics including:

- The Group's core operations including trends in international and domestic retail;
- Legal and regulatory developments including health and safety laws, competition laws, corporate governance principles, tax and accounting changes; and
- Emerging and disruptive technologies including cyber threats and security.

Directors are also given the opportunity for site visits to our centres to better understand our operations. During the year, the Board also visited the United States with senior management to observe trends and technologies shaping the future for our retail partners and customers.

## PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

### 3.1 Codes of Conduct

#### *Directors' Code of Conduct*

The Directors' Code of Conduct outlines the responsibilities of our Directors in maintaining our commitment to high standards of ethical conduct.

As part of the Code of Conduct, Directors are required to undertake, amongst other things, to: always act fairly, honestly and with integrity in all matters relating to the Group; perform their duties to the best of their ability; never act in a manner which is likely to harm the reputation of the Group and always abide by applicable laws.

#### *Scentre Group Values*

Our values expressed as our DNA require employees to:

- Act with integrity.
- Act as an owner.
- Work together.
- Push the limits.
- Never give up.
- Create a positive legacy.

Our DNA is the cultural blueprint for our organisational behaviour. These are the fundamental principles that guide staff and the conduct of staff in all dealings with stakeholders.

We are committed to high standards of ethical conduct and actively promote a diverse and inclusive culture where employees are encouraged to succeed to the best of their ability.

#### *Employee Handbook*

Our core principles are supplemented by the Employee Handbook which is provided to all employees at the time of joining the Group. The handbook outlines, among other matters, the high standards of personal conduct and ethical behaviour expected of all employees. Employees are required to affirm our Code of Conduct on an annual basis.

#### *Compliance Manuals*

Compliance manuals have been developed to provide guidance to employees on the laws applicable in the jurisdiction in which they work and the standards of conduct and the procedures to be adopted to comply with those laws. Management seminars are also conducted on an ongoing basis to help employees understand the legal requirements with which the Group must comply.

#### *Whistleblower Policy*

We have a whistleblower policy to ensure that any concerns regarding unethical, unlawful or improper conduct can be raised without fear of reprisal. Employees are encouraged to report any genuine matter or behaviour that they honestly believe contravenes our code of conduct, our policies or the law.

# Corporate Governance Statement (continued)

## PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

### 4.1 Audit and Risk Committee

The primary role of the Audit and Risk Committee is to oversee and monitor the integrity of consolidated financial reports and statements of the listed entities within the Group, and our systems of risk management, internal controls and legal compliance.

All members of the Committee are independent non-executive Directors, financially literate with significant relevant financial and/or accounting experience and a significant understanding of the Group's business. Members of the Committee have a sound understanding of the Group's structure, internal controls and typical transactions which enabled them to assess the risks faced by the Group.

The objective of the Committee is to assist the Board in fulfilling its corporate governance responsibilities by:

(a) monitoring and reviewing:

- the accuracy, integrity and reliability of financial reports and statements of listed entities of the Group;
- the effectiveness of the Group's internal control environment including the systems of internal controls, risk management and legal compliance;
- the objectivity and effectiveness of the internal audit function; and
- the independence, objectivity and effectiveness of the external audit function;

(b) overseeing the processes for:

- identifying and managing significant risks faced by the Group;
- the Group's compliance with applicable laws and regulations; and
- implementing appropriate and adequate control, monitoring and reporting systems; and

(c) making recommendations to the Board in relation to the appointment of the external auditors and approving the remuneration and terms of their engagement.

The Committee is assisted in its role and responsibilities by the Executive Committee, details of which are outlined below. The Committee is also assisted by the independent assurance function provided by the Business Review and Audit department (internal auditors) and our external auditors.

Assessment of material economic, environmental and social sustainability risks forms part of the Group's Enterprise Risk Management Framework.

The Committee, on at least an annual basis, reviews the appropriateness of the Enterprise Risk Management Policy and the Enterprise Risk Management Framework and our control systems. The Committee undertook such a review during the year.

The Audit and Risk Committee also monitors regulatory developments in relation to the audit regime, the role of audit and risk committees generally and how such developments may impact our corporate governance.

Our external auditor is Ernst & Young. The Committee meets with external auditors at least twice each year without management being present to review the adequacy of existing external audit arrangements and the scope of the external audit. The lead audit partner is required to rotate after 5 years.

The internal audit function is overseen by the Audit and Risk Committee. The Director, Risk and Internal Audit attends all meetings of the Audit and Risk Committee and reports on a regular basis as to the adequacy and effectiveness of the internal audit function. The Committee meets with the Director, Risk and Internal Audit at least twice a year, without management being present.

#### *Non-Audit Services Protocol*

The Non-Audit Services Protocol is designed to ensure that the external auditor carries out the statutory audit function in a manner which is, at all times, demonstrably independent of the Group.

The Protocol sets out key requirements in the relationship between the external auditor and the Group, and defines the scope and value of the non-audit services which could be provided by the external auditor, without impacting on the actual or perceived independence of the external auditor.

### *Executive Committee*

To assist management in providing the information necessary to allow the Audit and Risk Committee to discharge its responsibilities, the Board has delegated specific risk related responsibilities to the Executive Committee which includes the CEO, CFO, COO, the Director, Risk and Internal Audit and the General Counsel as its members.

This Committee is responsible for:

- assisting in the formulation of all aspects of the risk management process to be adopted by the Group;
- overseeing the implementation by management of the Group's policies and procedures by ensuring that all phases of the process of identification, assessment, control, review and reporting are reflected appropriately in the policies, processes, performance requirements and controls in the Group;
- ensuring that there is a proper allocation of responsibility for the implementation and conduct of the risk management process between the Group's management in Australia and New Zealand; and
- implementing appropriate systems to monitor compliance with all relevant laws and other regulatory obligations and for ensuring that the risk management processes of the Group are such that the CEO and the CFO are able to give the certifications required in order to comply with the Corporations Act, applicable accounting standards and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

### 4.2 CEO and CFO declarations

The CEO and CFO are required to confirm in writing to the Board, at the time the financial statements of the Group are being considered for approval by the Board, that in all material respects:

- the financial statements present a true and fair view;
- that this assertion is founded on a sound system of financial risk management and internal compliance and control which implements the policies adopted by the Board; and
- that the Group's financial risk management and internal compliance and control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks.

The Board receives regular reports from management and the Audit and Risk Committee on areas where there are considered to be significant business risks and on the management of those risks. The internal audit function also monitors these risks and reports to the Audit and Risk Committee.

### 4.3 External auditor attendance at AGM

The lead audit partner of Ernst & Young attends our AGM and is available to answer questions on the Group's financial statements and the conduct of the audit.

## PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

### 5.1 Continuous Disclosure and Communications Policy

We are committed to providing securityholders with comprehensive, timely and equal access to information about our activities to enable them to make informed investment decisions.

Our Continuous Disclosure and Communications Policy underlines our commitment to ensuring that securityholders and the market are provided with high quality, relevant and accurate information regarding its activities in a timely manner and that investors are able to trade in Scentre Group securities in a market which is efficient, competitive and informed as well as ensuring that market participants have an equal opportunity to review and assess information disclosed by the Group.

Our policy includes a vetting and authorisation process to ensure that all disclosures are factual, do not omit material matters and are expressed in a clear and objective manner. The policy also outlines how we identify and disseminate information to securityholders and the market generally.

## PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITYHOLDERS

### 6.1 Corporate website

We monitor and continue to utilise a broad range of communication approaches including direct communications with securityholders, publication of all relevant company information in the Investor section of the [scentregroup.com](http://scentregroup.com) website, as well as access to market briefings via webcasting and teleconferencing facilities.

Our corporate website forms a key part of its communication platform to securityholders and the broader investment community. A section of this website is dedicated to securityholders. Current and past media releases, investor presentations and interim and full year financial reports are available for review on the website. These announcements, presentations and reports continue to be posted on the corporate website immediately after they have been released to the market.

The website also contains an overview of the Group, our structure and history and biographical details of our Directors.

### 6.2 Investor relations program

We have developed an investor engagement program for engaging with securityholders, debt investors, and broader investment community. The aim of this program is for investors and other stakeholders to understand our business, financial performance and prospects as well as our governance structure.

### 6.3 Annual General Meeting

Our AGM represents a key opportunity for securityholders to meet the Board and ask questions of the Directors. Securityholders who are not able to attend the AGM in person may appoint proxies to represent them at the meeting. Key members of senior management, including the CEO, COO and CFO are present and available to answer questions.

The AGM is webcast live from our corporate website. Copies of the addresses delivered by the Chairman and CEO to the AGMs are released to the ASX and posted to the website. A summary of the meeting and the outcome of voting on items of business before the meeting are released to the ASX and posted to the corporate website as soon as they are available following completion of the AGM. These announcements are archived and searchable on the corporate website.

### 6.4 Electronic communications

Securityholders may elect to receive all or some of the Group's communications, including the annual report, electronically.

Our registry provides securityholders with the option to update their details electronically via their website.

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

We adopt a rigorous approach to understanding and managing its business risks. There is a discussion of our approach to risk under Principle 4.

## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

### 8.1 Human Resources Committee

The role of the Human Resources Committee includes determining and agreeing with the Board the broad policy establishing appropriate human resources strategies including remuneration. The Committee also has oversight of policies that promote and support equal opportunity and diversity.

The objective of the Committee is to assist the Board in establishing appropriate human resources strategies including remuneration policies and practices which:

- enable the Group to attract and retain executives and Directors who will create sustainable value and returns for securityholders and other stakeholders;
- fairly and responsibly reward executives and Directors, having regard to the performance of the Group, the executive and the external compensation environment; and
- appropriately align the interests of executives with securityholders.

The responsibilities of the Committee include:

- determining and reviewing remuneration policies that apply to Directors and to members of the senior executive team;
- determining the specific remuneration packages for the CEO, and other executive KMPs;
- reviewing the depth of the senior executive team and the appropriateness of the succession planning policies in place; and
- reviewing the performance of the CEO and other executive KMP against their short-term performance measures and the Group's performance against long-term measures and report on such reviews to the Board.

Our remuneration objectives and policies and further details on the role of the Committee are set out in the remuneration report section of the Directors' Report.