

# 2018 CORPORATE GOVERNANCE STATEMENT

Cromwell Property Group

**THIS DOCUMENT IS ISSUED BY**

**Cromwell Property Group**

consisting of

**Cromwell Corporation Limited** ABN 44 001 056 980 and

**Cromwell Diversified Property Trust**

ARSN 102 982 598 ABN 30 074 537 051

(the responsible entity of which is

**Cromwell Property Securities Limited**

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**CROMWELL**  
PROPERTY GROUP



## CORPORATE GOVERNANCE STATEMENT

The Board is committed to Cromwell Property Group meeting securityholders' expectations of good corporate governance, while seeking to achieve superior financial performance over the medium and long term. The Board is proactive with respect to corporate governance and actively reviews developments to determine which corporate governance arrangements are appropriate for Cromwell Property Group and its securityholders.

This Corporate Governance Statement (Statement) reports on how Cromwell Property Group (or Cromwell or Group) complied with the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (the Recommendations) during the 2018 financial year.

This Statement is current as at 30 June 2018 and has been approved by the Board.

Cromwell Property Group comprises Cromwell Corporation Limited (or the Company) and the Cromwell Diversified Property Trust (or the CDPT), the Responsible Entity of which is Cromwell Property Securities Limited (or CPS).

### Principle 1: Lay solid foundations for management and oversight

#### RECOMMENDATION 1.1

The Board of Directors of Cromwell Corporation Limited is identical to the Board of Directors of Cromwell Property Securities Limited (together, the Board; severally, the Directors). The Board's responsibilities include to provide leadership to Cromwell Property Group and to set its strategic objectives. The Board has adopted a formal, written Board Charter, which sets out the Board's role and responsibilities, including to:

- oversee the process for ensuring timely and balanced disclosure of all 'price sensitive' information in accordance with the *Corporations Act 2001* (Cth) (Corporations Act) and the ASX Listing Rules; and
- ensure an appropriate risk management framework is in place and set the risk appetite within which the Board expects management to operate.

The Board generally holds a scheduled meeting every second calendar month and additional meetings are convened as required. Management prepares Board papers to inform and focus the Board's attention on key issues. Standing items include progress against strategic objectives, corporate governance (including compliance) and financial performance.

The Board has the following long-established Board Committees to assist it in carrying out its responsibilities, to share detailed work and to consider certain issues and functions in detail:

- Audit and Risk Committee;
- Nomination and Remuneration Committee; and
- Investment Committee.

Details of the role, responsibilities and composition of the Board Committees are contained elsewhere in this Statement.

Day to day management of the Group's affairs and implementation of agreed strategic objectives are delegated by the Board to management under the direction of the Managing Director/Chief Executive Officer (CEO). This has been formalised in the Board Charter and a Board-approved Delegation of Authority Policy. The Board reviews these documents at least annually to ensure their effectiveness and appropriateness (given the evolving needs of the Group).

#### What you can find on the Corporate Governance page on our website:

- Board Charter
- Audit and Risk Committee Charter
- Nomination and Remuneration Committee Charter
- Delegation of Authority Policy
- Constitution of Cromwell Corporation Limited
- Constitution of the Cromwell Diversified Property Trust

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

## RECOMMENDATION 1.2

Cromwell undertakes appropriate checks before appointing a person, or putting forward to securityholders a candidate for election or re-election, as a Director. The checks are into matters such as the person's character, experience, education, criminal record and bankruptcy history. The Board and Nomination and Remuneration Committee also consider whether or not the candidate has sufficient time available, given their other roles and activities, to meet expected time commitments to Cromwell.

When securityholders are asked at the Group's annual general meeting (AGM)<sup>1</sup> to elect, or re-elect, a Director to the Board, Cromwell will provide them with the following information to enable them to make an informed decision:

- biographical information, including relevant qualifications, experience and the skills the candidate brings to the Board;
- details of any other current material directorships;
- a statement as to whether the Board supports the candidate's election or re-election; and
- (for a candidate standing for election as a Director for the first time) any material adverse information revealed by background checks; details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the candidate's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Group and its securityholders generally; and a statement from the Board as to the candidate's independence; or
- (for a candidate standing for re-election) the term of office currently served and a statement from the Board as to the candidate's independence.

The information will be provided in the relevant notice of meeting. Securityholders also have the opportunity to ask questions of candidates at the AGM.

## RECOMMENDATION 1.3

Cromwell has provided each Non-executive Director with a written letter of appointment which details the terms of their appointment, including remuneration, interest disclosures, expected time commitments and the requirement to comply with applicable corporate policies.

The CEO (an Executive Director) has a written formal job description, an employment contract (outlining the terms of appointment as a senior executive) and a letter of appointment for the role as Executive Director.

Other senior executives have written employment contracts that outline the terms of their appointment.

## RECOMMENDATION 1.4

The Company Secretary is accountable to the Board (through the Chairman) on all matters to do with the proper functioning of the Board.

The Company Secretary's responsibilities include:

- advising the Board and Board Committees on governance matters;
- monitoring that Board and Board Committee policies and procedures are followed;
- coordinating the timely completion and despatch of the Board and Board Committee papers;
- ensuring that the business at the Board and Board Committee meetings is accurately captured in minutes; and
- helping to organise and facilitate the induction and professional development of Directors.

Directors can, and do, communicate directly with the Company Secretary on Board matters. Similarly, the Company Secretary communicates directly with the Directors on such matters.

The Board Charter states that the Board is responsible for appointing and removing the Company Secretary.

What you can find on the Corporate Governance page on our website:

- Board Charter

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

(1) In this Statement, AGM means (together) the Annual General Meeting of the Company and the General Meeting of the CDPT.

## RECOMMENDATION 1.5

Cromwell recognises the many benefits of diversity and strives, through its recruitment and selection practices, to ensure that a diverse range of candidates is considered and that conscious and unconscious biases that might discriminate against candidates are avoided.

Cromwell Property Group has a Board-approved Diversity Policy which sets out the framework the Group has in place to achieve appropriate diversity in its Board, senior executive and broader workforce. Pursuant to the Diversity Policy, each financial year the Board (on recommendation from the Nomination and Remuneration Committee) sets measurable objectives for achieving diversity. An annual assessment of progress against those objectives is also undertaken.

The table below shows the gender diversity objectives set for the 2018 financial year and the Group's performance against those objectives as at 30 June 2018.

FY18 gender diversity objective		The Group's performance as at 30 June 2018
1	The Group has at least two female Directors and at least two female senior executives/senior managers.	Achieved.
2	At least one female will be interviewed for all advertised management positions.	Cannot be rated: no advertised management positions.
3	All employees (regardless of gender, age and race) are consulted annually via an engagement survey and are given the opportunity to provide feedback on issues and potential barriers to diversity.	Achieved.
4	Remuneration continues to be benchmarked against market data taking into consideration experience, qualification and performance and without regard to age, gender and race.	Achieved.
5	Succession plans and leadership programmes are designed to assist in the development of a diverse pool of future senior executives and managers and are regularly reviewed.	Achieved.
6	At least one corporate event is held to which staff can bring family members.	Achieved.
7	Flexible working arrangements are available for staff with caring responsibilities.	Achieved.
8	All staff receive diversity and related training at least once a year.	Achieved.
9	At least 80% of females taking parental leave return to work.	Achieved.
10	Training hours undertaken by females are at least equivalent to those undertaken by male counterparts.	Achieved.

As at 30 June 2018, the respective proportions of males and females on the Board, in senior executive positions in Cromwell and across the Group were as follows:

Body	Females	Males	Total
Board	2	5	7
Senior executive <sup>2</sup>	1	3	4
Group <sup>3</sup>	54	70	124

(2) Recommendation 1.5(c)(1) requires the Group to define what it means by 'senior executive'. In this case, 'senior executive' means the key management personnel (KMP) other than Non-executive Directors. As at 30 June 2018, the 'senior executive' comprised the Chief Executive Officer, the Chief Operations Officer, the Chief Financial Officer and the Chief Capital Officer. Please refer to the FY18 Remuneration Report for further information about KMP.

(3) Excludes European business, Singapore business, Phoenix Portfolios and Oyster Group.

Cromwell is a 'relevant employer' under the *Workplace Gender Equality Act 2012* (Cth) (WGEA). The Group's most recent 'Gender Equality Indicators', as defined in and published under the WGEA, are as follows:

### Gender equality indicator

- 1 Gender composition of workforce
- 2 Gender composition of governing bodies
- 3 Equal remuneration between women and men
- 4 Flexible working and support for employees with family and caring responsibilities
- 5 Consultation with employees on issues concerning gender equality in the workplace
- 6 Sex-based harassment and discrimination

Cromwell's latest WGEA Report is available on the Corporate Governance page on the Group's website.

**What you can find on the Corporate Governance page on our website:**

- Diversity Policy
- Nomination and Remuneration Committee Charter
- FY18 Gender Diversity Objectives
- FY19 Gender Diversity Objectives
- WGEA Report

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

**What you can find on the Sustainability page on our website:**

- Sustainability Report 2017

[www.cromwellpropertygroup.com/sustainability/performance-and-approach](http://www.cromwellpropertygroup.com/sustainability/performance-and-approach)

**RECOMMENDATION 1.6**

The Board undertakes an annual formal performance assessment, which includes an evaluation of the performance of the Board, Board Committees and individual Directors and also a self-evaluation. Under the annual formal performance assessment, Directors complete a questionnaire and can make comments or raise any issues they have in relation to the performance. The results were compiled by the Company Secretary and discussed at a subsequent Board meeting. For the 2018 financial year, the formal performance assessment was conducted and did not raise any governance issues that needed to be addressed.

**What you can find on the Corporate Governance page on our website:**

- Nomination and Remuneration Committee Charter

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

**RECOMMENDATION 1.7**

The Group has an established, rigorous process for the performance review of all employees, including senior executives. The performance of senior executives and whether they have met their individual key performance indicators is formally evaluated annually by the CEO, with regular feedback being provided during the performance period. At the time of the reviews, the professional development of the senior executive is also discussed, along with any training which could enhance their performance. Both qualitative and quantitative measures are used in the evaluation. A performance evaluation for each senior executive was completed during the reporting period.

Under its Charter, the Nomination and Remuneration Committee is responsible for facilitating an annual review of the performance of the CEO (an Executive Director). This annual review was completed during the 2018 financial year.

**What you can find on the Corporate Governance page on our website:**

- Nomination and Remuneration Committee Charter

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

## Principle 2: Structure the board to add value

### RECOMMENDATION 2.1

#### Nomination and Remuneration Committee

The Board has a long-established Nomination and Remuneration Committee, which operates under a Board approved written Charter. The Charter sets out the Nomination and Remuneration Committee's various responsibilities, including reviewing and making recommendations to the Board in relation to:

- Board succession planning generally;
- the appointment, or reappointment, of Directors to the Board. The Charter details the procedure for appointing new Directors;
- the performance and education of Directors;
- reviewing and recommending remuneration arrangements for the Directors, the CEO and senior executives;
- induction and continuing professional development programmes for Directors; and
- the development and implementation of a process for evaluating the performance of the Board, Board Committees and Directors.

The Nomination and Remuneration Committee:

- may seek any information it considers necessary to fulfil its responsibilities;
- has access to management to seek explanations and information;
- may seek professional advice from employees of the Group and independent professional advice from appropriate external advisors (at the Group's cost); and
- may meet with external advisors without management being present.

The minutes of each Nomination and Remuneration Committee meeting are included in the papers for the next Board meeting after the Committee Chairman has approved those minutes. The Chairman of the Nomination and Remuneration Committee reports the Committee's findings to the next Board meeting after each meeting of the Committee. The Nomination and Remuneration Committee has four members, all of whom are independent Directors.

The Directors' Report discloses the members of the Nomination and Remuneration Committee, the number of times that the Committee met during the 2018 financial year and the individual attendances of the members at those meetings.

#### What you can find on the Corporate Governance page on our website:

- Nomination and Remuneration Committee Charter

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

### RECOMMENDATION 2.2

#### Board Skills Matrix

The Board has adopted a Board Skills Matrix, which sets out the collective skills and attributes of the Board. In summary, the Board Skills Matrix includes (but is not limited to) such key skills and experience as strategy, property, investment/funds management, listed entities (including ASX listed entities), finance and financial performance, risk oversight, economics, government, debt management and executive management, as well as other characteristics and attributes.

The Board considers that its current members have an appropriate mix of skills, personal attributes and experience that allows the Directors individually, and the Board collectively, to discharge their duties effectively and efficiently. The Board comprises individuals who understand the business of the Group and the environment in which it operates and who can effectively assess management's performance in meeting agreed objectives and goals.

The Directors' Report provides the following information about each Director:

- profile, including qualifications and experience; and
- special responsibilities and attendances at Board and Board Committee meetings.

The Nomination and Remuneration Committee refers to the Matrix when considering Board succession planning and professional development initiatives for the Directors.

#### What you can find on the Corporate Governance page on our website:

- Nomination and Remuneration Committee Charter

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

## RECOMMENDATION 2.3

### The Board

The Group recognises that independent Directors are important in reassuring securityholders that the Board properly fulfils its role. The Board comprises seven Directors, with an independent Chairman and a majority of independent Non-executive Directors:

Director	First appointed	Status
Mr Geoffrey H Levy (AO) (Chairman)	17 April 2008	Independent Non-executive Director
Ms Michelle McKellar	1 March 2007	Independent Non-executive Director
Mr Richard Foster (retired 29 November 2017)		Independent Non-executive Director
Ms Jane Tongs	26 November 2014	Independent Non-executive Director
Mr Leon Blitz	28 June 2017	Independent Non-executive Director
Mr Marc Wainer	29 January 2010	Non-executive Director
Mr Andrew Konig (retired 1 June 2018)		Non-executive Director
Mr David Blight	1 June 2018	Non-executive Director
Mr Paul Weightman	6 August 1998	Executive Director, Managing Director/CEO

Each year, independence status is assessed using the guidelines and factors set out in the Recommendations and the independent Non-executive Directors also confirm to the Board, in writing, their continuing status as an independent Director.

In assessing a Director's independence status, the Board has adopted a materiality threshold of 5% of the Group's net operating income or 5% of the Group's net tangible assets (as appropriate) as disclosed in its last audited financial accounts.

The length of time that each independent Director has served on the Board is shown in the table above.

Mr Levy joined the Group as an independent Non-executive Director and independent Chairman of the Board in 2008 and Ms McKellar joined as an independent Non-executive Director in 2007. Both have been serving on the Board since that time. The Board is satisfied that the length of Mr Levy's service as Director and Chairman, and Ms McKellar's service as a Director, will not interfere, or will not reasonably be seen to interfere, with their respective capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Cromwell and its securityholders generally.

The Board is comfortable that no Director has served for a period such that their independence may have been compromised. The Board also recognises that the interests of Cromwell and its securityholders are well served by having a mix of Directors, some with a longer tenure with a deep understanding of Cromwell and its business and some with a shorter tenure with fresh ideas and perspective.

The Group's independent Non-executive Directors (including the Chairman) are considered by the Board to meet the test of independence under the Recommendations.

Each independent Non-executive Director has undertaken to inform the Board as soon as practical if they think their status as an independent Director has or may have changed.

#### What you can find on the Corporate Governance page on our website:

- Board Charter

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

## RECOMMENDATION 2.4

The Board comprises seven Directors, with an independent Chairman and a majority of independent Non-executive Directors.

#### What you can find on the Corporate Governance page on our website:

- Board Charter

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)



## RECOMMENDATION 2.5

The Chairman of the Board – Mr Geoffrey H Levy, AO – is an independent Non-executive Director. Mr Paul Weightman is an Executive Director and the CEO of Cromwell Property Group. This is consistent with the Board Charter, which stipulates that the Chairman of the Board will not be the same person as the CEO and ideally will be an independent Non-executive Director.

The Board Charter sets out the responsibilities of the Chairman, including:

- leading the Board;
- facilitating the effective contribution and ongoing development of all Directors;
- promoting constructive and respectful relations between Board members and between the Board and management; and
- facilitating Board discussions to ensure that core issues facing the Group are addressed.

What you can find on the Corporate Governance page on our website:

- Board Charter

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

## RECOMMENDATION 2.6

A formal induction programme ensures that new independent Directors can participate fully and actively in decision making upon their appointment. The Chairman of the Board, with the assistance of the Company Secretary, has developed the induction programme. The programme includes meeting with fellow Directors (including the CEO) and the senior executive team, receiving briefings on the Group's strategy and reviewing corporate governance materials and policies.

Each year, the Nomination and Remuneration Committee also considers and recommends to the Board a professional development programme for Directors. This includes training on key issues relevant to the Group's operations, financial affairs and governance. The professional development programme is compiled in light of recent or potential developments (internal and external) as well as any skills or knowledge gaps identified by the Nomination and Remuneration Committee. Directors also have access to the internal training sessions provided by the Group's Legal and Compliance team. On an ongoing basis, Directors are provided with briefings on changes to accounting standards as well as updates on legal and corporate developments relevant to the Group. During the 2018 financial year, Directors undertook site visits at a number of Group property assets and visited a number of Group offices.

What you can find on the Corporate Governance page on our website:

- Nomination and Remuneration Committee Charter

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

## Principle 3: Act ethically and responsibly

### RECOMMENDATION 3.1

The Group's Directors, senior executives and employees are required to maintain high standards of ethical conduct. This is reinforced by the various practices and policies of the Group. All Directors, senior executives and employees are expected to act with integrity and strive at all times to enhance the reputation and performance of the Group.

To reinforce this culture, the Group has established a Code of Conduct to provide guidance about the attitudes and behaviour necessary to maintain stakeholder confidence in the integrity of the Group and comply with the Group's legal obligations.

The Code of Conduct is made available to all Directors, senior executives and employees and they are reminded of the importance of the Code of Conduct on a regular basis. Appropriate standards are also communicated and reinforced to all employees at induction sessions and team meetings.

The Board has approved a Breach Reporting Policy and a Whistleblower Policy. These policies actively encourage and support reporting to appropriate management of any actual or potential breaches of the Group's legal obligations and/or of the Code of Conduct.

The Board has also approved a Securities Trading Policy under which Directors, senior executives and employees are restricted in their ability to deal in the Group's securities. Appropriate closed periods are in place during which Directors, senior executives and employees are not permitted to trade. Directors, senior executives and employees are made aware of the policy and receive training annually. The policy is reviewed at least annually.



Compliance with Board approved policies is monitored via monthly checklists completed by key management and proactive testing programmes and by investigation following any report of a breach. Compliance monitoring is undertaken by the Legal and Compliance team under the direction of the Company Secretary who reports directly to the Board.

**What you can find on the Corporate Governance page on our website:**

- Code of Conduct
- Breach Reporting Policy
- Whistleblower Policy
- Securities Trading Policy

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

## Principle 4: Safeguard integrity in corporate reporting

### **RECOMMENDATION 4.1**

#### **Audit and Risk Committee**

The Board is responsible for the integrity of the Group's corporate reporting. To assist in discharging this function, the Board has a long-established Audit and Risk Committee. The Audit and Risk Committee operates under a Board approved written Charter, which sets out the Audit and Risk Committee's:

- objectives, including to maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis); and
- responsibilities, including reviewing and making recommendations to the Board in relation to:
  - whether the Group's financial statements reflect the understanding of the Audit and Risk Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Group;
  - the appropriateness of any significant estimates or judgements in the financial reports (including those in any consolidated financial statements); and
  - the appointment or removal, and review of effectiveness and independence, of the external auditor.

The minutes of each Audit and Risk Committee meeting are included in the papers for the next Board meeting after the Committee Chairman has approved those minutes. The Chairman of the Audit and Risk Committee reports the Committee's findings to the next Board meeting after each meeting of the Committee. The Audit and Risk Committee has three members, all of whom are independent Directors. The Audit and Risk Committee is chaired by an independent Director who is not the Chairman of the Board.

The Directors' Report discloses:

- the relevant qualifications and experience of the members of the Audit and Risk Committee; and
- the number of times that the Audit and Risk Committee met during the 2018 financial year and the individual attendances of the members at those meetings.

The Audit and Risk Committee:

- may seek any information it considers necessary to fulfil its responsibilities;
- has access to management to seek explanations and information;
- has access to auditors to seek explanations and information from them (without management being present);
- may seek professional advice from employees of the Group and independent professional advice from appropriate external advisors (at the Group's cost); and
- may meet with external advisors without management being present.

During the 2018 financial year, the external auditor attended a number of meetings of the Audit and Risk Committee, with part of each of those meetings being for the Committee to meet with the external auditor without management being present.

The external auditor has declared its independence to the Board and to the Audit and Risk Committee. The Board is satisfied the standards for auditor independence and associated issues have been met.

**What you can find on the Corporate Governance page on our website:**

- Audit and Risk Committee Charter
- External Auditor – Selection, Appointment and Rotation

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

**RECOMMENDATION 4.2**

Before it approves the Group financial statements for a financial period, the Board receives from the CEO and CFO a written declaration that, in their opinion, the financial records of the entity have been properly maintained and the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

**RECOMMENDATION 4.3**

The external auditor attends the Group's AGM and is available to answer securityholders' questions relevant to the audit.

## Principle 5: Make timely and balanced disclosure

**RECOMMENDATION 5.1**

The Group believes that all stakeholders should be informed in a timely and widely available manner of all the major business events and risks that influence the Group. In particular, the Group strives to ensure that any price sensitive material for public announcement is lodged with the ASX before external disclosure elsewhere and posted on the Group's website as soon as reasonably practicable after lodgement with the ASX.

The Group has a Market Disclosure Protocol which includes policies and procedures designed to ensure compliance with the continuous disclosure obligations under the ASX Listing Rules.

**What you can find on the Corporate Governance page on our website:**

- Market Disclosure Protocol

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

## Principle 6: Respect the rights of securityholders

**RECOMMENDATION 6.1**

Cromwell Property Group aims to keep securityholders informed on an ongoing basis of the Group's performance and all major developments. Securityholders receive regular reports and the Group uses its website as its primary means of providing information to securityholders and the broader investment community about the Group's business, history, corporate structure, corporate governance and financial performance.

The Corporate Governance page on the Group's website provides:

- a link to information about the Board of Directors;
- key corporate governance documents, including constitutions, charters and policies;
- a link to key events in the Corporate Governance calendar;
- a link to a description of the Group's stapled security dividends/distributions policy and information about the Group's dividend/distribution history;
- a link to download relevant securityholder forms; and
- materials referred to in this Statement.

The Group's website also provides:

- overview of the Group's current business;
- description of how the Group is structured;
- summary of the Group's history;

- documents that the Group releases publicly (such as annual reports, ASX announcements, notices of meeting and company news items);
- historical information about the market prices of the Group's securities;
- ahead of the AGM (or any general meeting), information including time and venue;
- contact details for enquiries from securityholders, analysts or the media; and
- contact details for its securities registry.

Our website address:  
[www.cromwellpropertygroup.com](http://www.cromwellpropertygroup.com)

The Corporate Governance page on our website:  
[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

## RECOMMENDATION 6.2

The Group has a Board-approved Investor Relations Policy, which has been designed to facilitate effective two-way communication with securityholders.

The Policy also sets out the policies and processes that the Group has in place to encourage participation in the AGM. This is important to the Group because it assists with ensuring a high level of accountability and identification with the Group's strategies and goals.

### What you can find on the Corporate Governance page on our website:

- Investor Relations Policy

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

## RECOMMENDATION 6.3

Cromwell Property Group facilitates and encourages participation at meetings of securityholders.

The Chairman and the CEO each address the meeting of securityholders and provide securityholders with an update on the Group's business, governance and financial performance and any areas of concern or interest to the Board and management. The Chairman and CEO take any comments and questions received from securityholders during or after their address.

The current audit partner attends the AGM and is available to answer securityholders' questions about the audit. The notice of meeting for the AGM advises that securityholders entitled to cast their vote at the AGM may submit written questions to the auditor relevant to the content of the auditor's report or the conduct of the audit of the annual financial report being considered at the AGM. A securityholder wishing to submit a question to the auditor is asked to submit the question in writing to the Company Secretary up to a week before the AGM. A list of the questions submitted to the auditor is made available to securityholders attending the AGM at or before the start of the AGM. At the AGM, the Chairman reminds securityholders of the opportunity to ask questions about the audit.

The Chairman provides securityholders with an opportunity to ask questions about and discuss the specific resolutions put to the meeting. Securityholders have the opportunity to ask questions about or comment on the management of the Group.

Securityholder meetings are held during business hours at the Group's registered office in Brisbane, which is accessible by public transport. The notice of meeting invites securityholders to join the Directors for morning tea or afternoon tea (as applicable) after the meeting.

The Group provides live webcasting of its securityholder meetings so that securityholders can hear proceedings online.

## RECOMMENDATION 6.4

Cromwell Property Group gives its securityholders the option to receive communications from the Group and from its securities registry electronically. Many securityholders have elected to receive all communications electronically, while other securityholders have elected to receive all communications electronically with payment statements received by post.

Electronic communications sent by the Group and by the securities registry are formatted in a reader friendly and printer friendly format.

Securityholders can send communications to the Group and to the securities registry electronically. The Contact page on the Group's website provides the email address for contacting the Group and the securities registry.

## Principle 7: Recognise and manage risk

### RECOMMENDATION 7.1

#### Audit and Risk Committee

The Group is exposed to various risks across its business operations and recognises the importance of effectively identifying and managing those risks so that informed decisions on risk issues can be made. The Board has a long-established Audit and Risk Committee, which operates under a Board approved written Charter. The Charter sets out the Committee's various responsibilities, including:

- assessing the adequacy of the internal risk control system;
- receiving reports from management of any actual or suspected fraud, theft or other breach of internal controls; and
- reviewing the insurance programme.

The Audit and Risk Committee:

- may seek any information it considers necessary to fulfil its responsibilities;
- has access to management to seek explanations and information;
- has access to auditors to seek explanations and information from them (without management being present);
- may seek professional advice from employees of the Group and independent professional advice from appropriate external advisors (at the Group's cost); and
- may meet with external advisors without management being present.

The minutes of each Audit and Risk Committee meeting are included in the papers for the next Board meeting after the Committee Chairman has approved those minutes. The Chairman of the Audit and Risk Committee reports the Committee's findings to the next Board meeting after each meeting of the Committee. The Audit and Risk Committee has three members, all of whom are independent Directors. The Audit and Risk Committee is chaired by an independent Director who is not the Chairman of the Board.

The Directors' Report discloses:

- the relevant qualifications and experience of the members of the Audit and Risk Committee; and
- the number of times that the Audit and Risk Committee met during the 2018 financial year and the individual attendances of the members at those meetings.

#### What you can find on the Corporate Governance page on our website:

- Audit and Risk Committee Charter

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

### RECOMMENDATION 7.2

The Board is responsible for:

- ensuring an appropriate risk management framework is in place;
- setting the risk appetite within which the Board expects management to operate; and
- reviewing and ratifying systems of internal compliance and control and legal compliance to ensure appropriate compliance frameworks and controls are in place.

As outlined in its Board-approved Charter, the Audit and Risk Committee's responsibilities include:

- overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring there is a mechanism for assessing/reviewing the efficiency and effectiveness of those systems at least annually to satisfy itself that it continues to be sound;
- approving and recommending to the Board for adoption policies and procedures on risk oversight and management to establish an effective and efficient system for:
  - identifying, assessing, monitoring and managing risk;
  - disclosing any material change to the risk profile; and
- regularly reviewing and updating the risk profile.

Under the direction of the CEO, management is responsible for ensuring that the Group operates within the risk appetite set by the Board. It does so by identifying relevant business risks, designing controls to manage those risks and ensuring those controls are appropriately implemented. The Group has adopted an Enterprise Risk Management Policy, which is a general statement of the Group's approach to proactive, enterprise wide risk management. There is also a wide range of underlying internal policies and procedures, which are designed to mitigate the Group's material business risks. The risk management system operates in accordance with AS/NZS ISO 31000:2009 Risk management – Principles and guidelines.

Reviews of the enterprise risk management framework were completed in the 2018 financial year. The Audit and Risk Committee and the Board were satisfied the framework continues to be sound and that Cromwell operates within the risk appetite set by the Board.

### **Compliance Committee**

A Compliance Committee – comprised of a majority of independent external members – monitors the extent to which Cromwell Property Securities Limited (as Responsible Entity for the CDPT) complies with the CDPT's compliance plan and the underlying compliance framework. The Board of Cromwell Property Securities Limited receives regular reports from the Compliance Committee. During the 2018 financial year, the Chairman of the Compliance Committee met with the Audit and Risk Committee, with part of that meeting conducted without management being present. The roles and responsibilities of the Compliance Committee are outlined in a Charter, which is reviewed annually by the Compliance Committee. The Board of the Responsible Entity may change the Charter at any time by resolution.

#### **What you can find on the Corporate Governance page on our website:**

- Board Charter
- Audit and Risk Committee Charter
- Enterprise Risk Management Policy
- Compliance Committee Charter

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

### **RECOMMENDATION 7.3**

Although the Group does not have a designated internal audit function, throughout the year the Legal and Compliance team conducts internal audit tests of the effectiveness of the controls and the appropriateness of the monitoring strategies in place for those risks with an inherent risk rating of Very High or High. Relevant management confirm (monthly, quarterly or annually as appropriate given the residual risk rating) that the controls remain appropriate and identify any new risks and any new controls that should be put in place. The Company Secretary reports findings to the Audit and Risk Committee.

### **RECOMMENDATION 7.4**

The Group's Sustainability Report discloses the extent to which the Group has material exposure to economic, environmental and social sustainability risks and explains how such risks are and will be managed.

#### **What you can find on the Sustainability page on our website:**

- Sustainability Report 2017

[www.cromwellpropertygroup.com/sustainability/performance-and-approach](http://www.cromwellpropertygroup.com/sustainability/performance-and-approach)

## Principle 8: Remunerate fairly and responsibly

### RECOMMENDATION 8.1

#### Nomination and Remuneration Committee

The Board has a long-established Nomination and Remuneration Committee, which operates under a Board approved written Charter. The Charter sets out the Nomination and Remuneration Committee's various responsibilities, including reviewing and making recommendations to the Board in relation to:

- the remuneration framework for Non-executive Directors, including the allocation of the pool of Directors' fees;
- Executive Director and senior executive total remuneration;
- the design of any equity based incentive plan; and
- whether there is any gender or other inappropriate bias in remuneration policies and practices.

The Nomination and Remuneration Committee:

- may seek any information it considers necessary to fulfil its responsibilities;
- has access to management to seek explanations and information;
- may seek professional advice from employees of the Group and independent professional advice from appropriate external advisors (at the Group's cost); and
- may meet with external advisors without management being present.

The minutes of each Nomination and Remuneration Committee meeting are included in the papers for the next Board meeting after the Committee Chairman has approved those minutes. The Chairman of the Nomination and Remuneration Committee reports the Committee's findings to the next Board meeting after each meeting of the Committee. The Nomination and Remuneration Committee has four members, all of whom are independent Directors.

The Directors' Report discloses the members of the Nomination and Remuneration Committee, the number of times that the Committee met during the 2018 financial year and the individual attendances of the members at those meetings.

#### What you can find on the Corporate Governance page on our website:

- Nomination and Remuneration Committee Charter

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

### RECOMMENDATION 8.2

The Directors' Report (the section titled Remuneration Report) discloses information, including the policies and practices regarding the remuneration of:

- Non-executive Directors; and
- the Executive Director and other senior executives.

The respective policies and practices reflect the different roles and responsibilities of Non-executive Directors and the Executive Director and other senior executives.

As disclosed in the Remuneration Report, the Group's Non-executive Directors are paid a fixed remuneration, comprising base and committee fees or salary and superannuation (if applicable). Non-executive Directors do not receive bonus payments or participate in security-based compensation plans, and are not provided with retirement benefits other than statutory superannuation.

The Remuneration Report details the nature and amount of remuneration of the Chief Executive Officer (Executive Director) and other senior executives (Key Management Personnel or KMP).

Remuneration packages are designed to align the KMP's interests with those of securityholders. Key performance indicators (KPIs) for each KMP consider their role within Cromwell generally as well as their expected contribution to the achievement of Cromwell's objectives. The KPIs are designed to best incentivise each KMP to meet Cromwell's objectives and therefore best serve the interests of securityholders. This is achieved by providing remuneration packages which consist of the following three elements (or a combination thereof) where appropriate:

1. Fixed component in the form of a cash salary;
2. An at-risk cash bonus that is linked solely to performance of a tailored set of objectives, where appropriate; and
3. At-risk longer-term equity payment. This third element is equity based remuneration aimed at alignment and retention.

The Group does not have a policy regarding the deferral of performance based remuneration and the reduction, cancellation or clawback of performance based remuneration in the event of a material misstatement in the Group's financial statements. However, performance rights under Cromwell Property Group's Performance Rights Plan lapse under certain circumstances including a determination by the Plan Committee that the performance right should lapse because the participant, in the Plan Committee's opinion, has committed any act of fraud, defalcation or gross misconduct in relation to the affairs of a body corporate in the Group.

Other than the CEO, no KMP was awarded a short-term incentive (an at-risk cash bonus) in the 2018 financial year. The nature of the performance based remuneration is an 'at risk' payment rather than a 'bonus' payment.

For all KMP except the CEO and Non-executive Directors, the CEO is responsible for setting key performance indicator (KPI) targets and assessing annually whether those targets have been met. The KPI targets for the CEO are set, revised and reviewed annually by the Nomination and Remuneration Committee and the Board.

**What you can find on the Corporate Governance page on our website:**

- Nomination and Remuneration Committee Charter

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)

**RECOMMENDATION 8.3**

In accordance with the remuneration policy, the Group operates a Performance Rights Plan and has issued performance rights to a number of senior executives, including the CEO (an Executive Director). The Group does not currently pay any other form of security based remuneration.

The terms of the Group's Performance Rights Plan do not allow participants, whether Executive Directors or other employees, to hedge or otherwise limit the economic risk of their participation in the Plan.

Previous participation in the Performance Rights Plan by the CEO (an Executive Director) was approved by securityholders at an AGM. Pursuant to the ASX Listing Rules, any further participation would also need to be approved by securityholders.

**What you can find on the Corporate Governance page on our website:**

- Plan Rules for the Cromwell Property Group Performance Rights Plan

[www.cromwellpropertygroup.com/securityholder-centre/corporate-governance](http://www.cromwellpropertygroup.com/securityholder-centre/corporate-governance)





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