



# **Board Charter**

Shopping Centres Australasia Property Group

Adopted with effect from 12 December 2019

## 1. Introduction

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The role of the Board of Shopping Centres Australasia Property Group RE Limited (**SCP****RE**) as responsible entity for Shopping Centres Australasia Property Management Trust and Shopping Centres Australasia Property Retail Trust (**SCA Property Group**) is to represent and serve the interests of unitholders by overseeing and appraising SCPRE's strategies, policies and performance. The Board's principal objective is to maintain and increase unitholder value while ensuring that SCA Property Group's overall activities are properly managed.

The Board has adopted this Board Charter to outline the manner in which its role, powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance, international best practice and applicable laws.

This Charter includes an overview of:

- Board composition and process;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board Committees.

The Board Charter and the charters adopted by the Board for its standing Committees have been prepared and adopted on the basis that strong corporate governance can add to the performance of SCA Property Group, create unitholder value and engender the confidence of the investment market.

This Charter is to be reviewed by the Board as required and at least annually.

## 2. Board composition

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### 2.1 Board composition and size

- The Board is effectively appointed by the unitholders. Non-executive Directors are engaged through a letter of appointment.
- The size and composition of the Board is determined by the Board, subject to the limits contained in SCPRE's Constitution, and unitholders' approval. As at the date of this Charter, SCPRE's Constitution does not set a maximum number of directors that may be appointed to the Board of SCPRE.
- It is the Board's policy that it should be composed of a majority of independent Non-executive Directors who, with the executive Directors, comprise an appropriate mix of skills to provide the necessary breadth and depth of knowledge and experience to meet the Board's responsibilities and objectives. It is intended that the Board will be made up of Directors with a broad range of skills, expertise and experience, and from a diverse range of backgrounds, including gender.
- The Board, together with the Nomination Committee, will review the background, skills, experience and independent status of Directors on the Board and determine whether the composition and mix of those backgrounds, skills, experience and independence remain appropriate for SCA Property Group's strategy, subject to limits imposed by the Constitution and the terms served by existing non-executive Directors.

## 2.2 Director independence

- The Board regularly reviews the independence of each Non-executive Director in light of information relevant to this assessment as disclosed by each Non-executive Director to the Board.
- If a Director becomes aware of any information, fact or circumstance that does or might adversely impact their independence, the Director must immediately disclose that information to the Chair. The Director's disclosure must be written and include all details necessary to permit the Chair to evaluate the independence of the Director.
- If the Chair becomes aware of any information, fact or circumstance that does or might adversely impact their independence, the Chair must immediately disclose that information to the Board and Company Secretary. The Chair's disclosure must be written and include all details necessary to permit the Board to evaluate the independence of the Director.
- The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

## 3. Board responsibilities

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### 3.1 Board key responsibilities

The Board is accountable to unitholders for the SCA Property Group's performance. The Board's key responsibilities include:

- **Leadership and strategy:** provide leadership and oversight of SCA Property Group's purpose, strategic direction and set strategic objectives including overseeing management in its implementation of the SCA Property Group's strategic objectives, instilling of SCA Property Group's values and performance generally;
- **Culture:** approving the SCA Property Group's statement of values and code of conduct to underpin the desired culture within the SCA Property Group;
- **Financial performance:** review and approve SCA Property Group's budget, monitor management and financial performance;
- **Financial and other reporting:** including reviewing and approving SCA Property Group's half-yearly and annual financial statements and the annual financial statements for SCPRE and Annual Report – and monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- **Distributions:** determine SCA Property Group's distribution policy and the amount, nature and timing of distributions to be paid;
- **Major expenditure and capital initiatives (in excess of authority levels delegated to management):** approve major capital expenditure, acquisitions and divestitures, and monitor capital management;
- **External Auditor:** select and recommend to unitholders the appointment of the external auditor;

- **Board performance and composition:** evaluate the performance of the Board, and determine its size and composition having regard to the matters in section 2.1. The Board's performance and composition will be reviewed at relevant intervals (including on the appointment or resignation of a Director) and at least annually;
- **Senior executives:** evaluate the performance of and select and appoint the CEO, and select and appoint the CFO and the Company Secretary;
- **Succession and remuneration:** plan for and approve Board, CEO and executive succession and remuneration, and settle Non-executive Director remuneration within unitholder approved limits in this regard the Board must satisfy itself that SCA Property Group's remuneration policies are aligned with SCA Property Group's purpose, values, strategic objectives and risk appetite;
- **Risk management:** oversee the appropriateness of the risk management system and compliance processes (for both financial and non-financial risks) in the organisation, including setting SCA Property Group's risk appetite, the health and safety governance arrangements, policies and programs and reviewing SCA Property Group's health and safety performance against agreed targets;
- **Social responsibility:** consider the social, ethical and environmental impact of SCA Property Group's activities and operations and set standards and monitor compliance with SCA Property Group's social responsibilities and practices;
- **Corporate Governance:** review and monitor the effectiveness of SCA Property Group's corporate governance policies and practices;
- **Disclosure:** oversee the processes associated with timely balanced disclosure of information that may have a material effect on the price or value of SCA Property Group's securities including, satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board; and
- performing such other functions as are prescribed by law or are assigned to the Board.

The Board may determine that any of the above responsibilities be delegated by the Board to management (see section 4 below) or to a Board committee (see section 5 below) with the Board retaining the ultimate oversight and decision making power in respect of the matters delegated.

### 3.2 Directors

- Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behaviour.
- Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the interests of unitholders or where relevant, SCPRE.
- Directors should avail themselves as appropriate of induction and orientation programs and continuing education, training or development programs arranged for them by SCPRE.
- The Board collectively, its standing Committees and each Director individually, has the right to seek independent professional advice, as considered necessary to discharge their responsibilities as directors, at SCPRE's expense, subject to prior consultation with the Chair. If appropriate, any advice so received will be made available to all Directors.

## 4. Relationship between the Board and management

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### 4.1 Overview

- Subject to formal delegations of authority, the Board has delegated the management function to the CEO. However, ultimate responsibility for strategy and control rests with the Directors.
- The Board approves corporate objectives for the CEO to satisfy and, jointly with the CEO, develops the duties and responsibilities of the CEO.
- The CEO is accountable to the Board for the exercise of the delegated authority and, with the support of senior management, must report to the Board on the exercise of the authority through reports, briefings and presentations to the Board.
- The Board requires succinct, clear, verifiable and high quality reports and information from management that will enable the Board to discharge its duties effectively.
- The Board adopts appropriate structures and procedures to ensure it retains its independence from management. This includes the separation of the roles and responsibilities of the Chair and the CEO.
- The Board will, whenever required, challenge management and hold management to account.

### 4.2 CEO

The day to day management and operations of SCPRE and SCA Property Group are the responsibility of the CEO who reports to the Board on key management and operational issues, including:

- implementing corporate strategies and making recommendations to the Board on significant corporate strategic initiatives;
- developing the annual budget of SCA Property Group and SCPRE and managing day-to-day operations within the budgets approved by the Board;
- designing and maintaining appropriate risk and compliance management systems and operating within the Board-approved risk appetite;
- appointing and determining the terms of appointment of senior management, developing and maintaining succession plans, and evaluating the performance of key executives;
- providing the Board with accurate, timely and clear information on SCA Property Group's operations to enable the board to perform its responsibilities. This is not just limited to information about the financial performance of SCA Property Group, but also its compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or code of conduct of SCA Property Group;
- implementing the Board's processes in respect of keeping the market fully informed about material continuous disclosure; and
- managing day-to-day operations in accordance with standards for WHS, social, ethical and environmental practices including overseeing the development and implementation of the sustainability strategy.

## 5. Committees

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- The Board from time to time establishes Committees to streamline the discharge of its responsibilities and support the Board in matters that require more intense review.
- There are four standing committees:
  - Remuneration Committee
  - Audit, Risk Management and Compliance Committee
  - Nomination Committee
  - Investment Committee
- It is intended that each Non-executive Director will be appointed to at least one of these Committees.
- Each standing Committee adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of the Committee.
- The Board may also delegate specific functions to ad hoc Committees on an 'as needs' basis.

## 6. Board process

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- The Board will meet regularly and Directors will allocate sufficient time to perform their duties effectively.
- Periodically, Non-executive Directors will meet without Executive Directors or management present.
- Directors will use all reasonable endeavours to attend Board meetings in person, however attendance may also be via other forms of technology permitted by SCPRE's constitution.
- SCPRE's Constitution governs the regulation of the Board and Committee meetings and proceedings, including the procedure for passing circular resolutions outside of meetings.
- Directors will discuss, debate, challenge and critique key strategic and SCA Property Group issues at Board meetings.
- In addition to attending formal Board and Board Committee meetings, the Directors undertake other duties including attending strategic review sessions and research studies.

## 7. Role of the Chair

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- The Board will appoint one of its members to be chair.
- It is intended that the Chair should be an independent Non-executive Director.
- The Chair represents the Board to the unitholders and communicates the Board's position.
- The Chair is responsible for approving Board agendas and ensuring that adequate time is available for discussion of all agenda items, including strategic issues.
- The Chair has an important role in leading the Board and facilitating, encouraging and providing constructive discussion and debate by all Directors during Board meetings and

promoting constructive and respectful relations between Directors and between the Board and management.

- The Chair is responsible for assessing the development requirements of the Non-executive Directors and agreeing and reviewing development plans for each Non-executive Director.
- The Chair is responsible for monitoring the contribution of individual Directors and counselling them on any areas which might improve Board performance and effectiveness.
- The remuneration of the CEO is the responsibility of the full Board with assistance from the Remuneration Committee. The CEO's performance is evaluated by the Chair in conjunction with the Remuneration Committee and the non-executive Directors.

## **8. Role of the Company Secretary**

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- The Board will appoint at least one Company Secretary.
- The Company Secretary is accountable to the Board.
- All Directors will have direct access to the Company Secretary.
- The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings.
- The Company Secretary oversees and regularly reviews the Director induction process.
- The Company secretarial function supports Directors by providing:
  - continuing education to update and enhance their knowledge as the business environment changes including relevant material developments in laws, regulations and accounting standards;
  - access to information in appropriate form, currency and quality, including the procedures to cover additional requests of management; and
  - access to independent professional advice, where requested.