

## Multiplex SITES Trust (ARSN 111 903 747) Corporate governance statement

This corporate governance statement (**Statement**) is required to disclose the extent to which the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles**) are followed by the Multiplex SITES Trust (**Trust**). The ASX Principles are guidelines for businesses which set out eight core principles the ASX Corporate Governance Council believes lie behind good corporate governance.

The Statement has been approved by the board of Brookfield Funds Management Limited (**BFML**), in its capacity as responsible entity of the Trust (**Board**). The Statement is current as at 13 March 2018.

It is noted that some of the ASX Principles do not apply to the Trust because it is an externally managed listed entity (as defined by the ASX Principles) and those ASX principles are referenced as 'not applicable' below.

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

It is the Board's responsibility to ensure that the foundations for management and oversight of the Trust are established and documented appropriately.

#### Managing the affairs of the Trust

Management is responsible for the operations of the Trust and their performance is overseen by the Board. The role of the Board and its committees is set out in a charter (**Board Charter**) and this reserves the following powers for the Board:

- approval of risk management strategy;
- approval of financial statements and any significant changes to accounting policies;
- approval of distribution payments;
- approval and monitoring of major investments or divestitures and strategic commitments;
- consideration of recommendations from the Audit Committee and Board Risk and Compliance Committee; and
- any matter which, according to law, is expressly reserved for Board determination.

A copy of the Board Charter is available on the Brookfield Australia website at [www.au.brookfield.com](http://www.au.brookfield.com).

In addition, the Board is responsible for:

- monitoring the implementation of the financial and other objectives of the Trust;
- overseeing and approving the risk, control and accountability systems;
- monitoring compliance with legal, constitutional and ethical standards; and
- ensuring there is effective communication with unitholders and other stakeholders of the Trust.

#### Election and re-election of Board directors (**Directors**)

Recommendation 1.2 of the ASX Principles is not applicable to the Trust, however, the character, experience, education, skillsets, interests and associations of potential new directors are always considered. In addition, appropriate checks as to the suitability of a candidate for appointment to the Board are conducted.

Recommendation 1.3 of the ASX Principles is not applicable to the Trust.

#### BFML company secretary (**Company Secretary**)

Recommendation 1.4 of the ASX Principles is not applicable to the Trust, however, the Directors have direct access to the Company Secretary. In addition, the Company Secretary:

- is accountable to the Board on all governance matters;
- supports the Board by monitoring and maintaining Board policies and procedures; and

- coordinates the timely completion and dispatch of the Board meeting agendas and briefing material.

#### Diversity Policy

Recommendation 1.5 of the ASX Principles is not applicable to the Trust, however, Brookfield Australia does have a Diversity Consultative Committee tasked with advising the business on diversity issues.

#### Evaluation of the performance of the Board, its Committees and individual Directors

Recommendation 1.6 of the ASX Principles is not applicable to the Trust, however, the Board undertakes an annual self-evaluation of its performance. The evaluation is conducted by way of a survey completed by each of the Directors, followed by an analysis and discussion of the results. As part of the review, consideration is given to the existing skills and competency of the Directors, to ensure there is an appropriate mix of skills for managing BFML and overseeing the affairs of the Trust.

#### Process for evaluating the performance of senior executives

Recommendation 1.7 of the ASX Principles is not applicable to the Trust, however, Management, responsible for the operation of the Trust are subject to a performance evaluation process. In addition, all new employees of Brookfield Australia employees, including senior executives, attend a formal induction which provides an overall introduction to the various business units within the organisation.

### Principle 2: Structure the Board to add value

#### Nomination committee

Recommendation 2.1 of the ASX Principles is not applicable to the Trust.

#### Board skill matrix

Recommendation 2.2 of the ASX Principles is not applicable to the Trust, however, the Board considers that collectively it has an appropriate mix of skills, experience and expertise which allow it to meet the Trust's objectives. The composition of the Board is subject to continuous review. Profiles of each of the Directors can be found in the 'Information on Directors' section of this report.

#### Independence and length of service of Directors

The table below sets out the details of each of the Directors including their independent status and length of tenure. The interests of the Directors can be found in the 'Information on Directors' section of this report.

Name	Position held	Independent (Yes/No)	Date appointed to the Board
F. Allan McDonald	Non-Executive Independent Chairman	Yes	22 October 2003
Barbara Ward	Non-Executive Independent Director	Yes	22 October 2003
Shane Ross	Executive Director	No	6 May 2015

The independence status of the Directors was determined using the criteria set out in Recommendation 2.3 of the ASX Principles.

Recommendation 2.4 of the ASX Principles is not applicable to the Trust, however, the Board follows this recommendation and has a majority of independent directors.

Recommendation 2.5 and 2.6 of the ASX Principles is not applicable to the Trust, however, the Board wishes to re-state that its Chairman is independent and his role is separate from the role of chief executive officer of Brookfield Australia.

#### Induction and education of Directors

Recommendation 2.4 of the ASX Principles is not applicable to the Trust, however, an induction programme for new directors is facilitated by the Company Secretary. This programme provides Directors with an understanding of the financial, strategic, operational and risk management position of BFML and the Trust.

### Principle 3: Act ethically and responsibly

#### Code of business conduct and ethics

Brookfield Australia has a Code of Business Conduct and Ethics (**Code**) which sets out the requirements for workplace and human resource practices, risk management and legal compliance. The Board acknowledges that the Directors are subject to the Code.

The Code is designed to ensure that all directors, officers and employees within the organisation conduct activities with the highest standards of honesty and integrity and in compliance with all legal and regulatory requirements. The Code is aligned to Brookfield Australia's core values of teamwork, integrity and performance and is fully supported by the Board.

A copy of the Code is available on the Brookfield Australia website at [www.au.brookfield.com](http://www.au.brookfield.com).

### Principle 4: Safeguard integrity in corporate reporting

#### Audit Committee

The Board has established an audit committee to oversee the integrity of the financial reporting controls and procedures used by BFML, when acting in its capacity as the responsible entity of the Trust.

The Audit Committee is responsible for:

- overseeing financial reporting to ensure balance, transparency and integrity; and
- evaluating and monitoring the effectiveness of the external audit function.

The members of the Audit Committee throughout the reporting period were:

Name	Position	Number of Meetings in Year	Attendance
Barbara Ward	Chairman	2	2
F. Allan McDonald	Member	2	2

As noted in the commentary to ASX Principle 2, all members of the Audit Committee are independent directors. Profiles of the Audit Committee members can be found in the 'Information on Directors' section of this report.

With only two members, the Audit Committee does not follow ASX Recommendation 4.1 which requires it to have three members. However, given this is committee of the Board and the Board only has three directors, this is considered by the Board to be a sufficient size.

#### Audit Committee Charter

The Audit Committee has adopted a formal charter, which sets out its responsibilities with respect:

- to financial reporting;
- external audit (including procedures regarding appointment, removal of and term of engagement with the external auditor); and
- performance evaluation.

A copy of the charter is available on the Brookfield Australia website at [www.au.brookfield.com](http://www.au.brookfield.com).

#### CEO and CFO certification of financial statements

The Board has received declarations from the Executive Director and Finance Director of BFML that the financial statements of the Trust, in all material respects: present a true and fair view of the financial position and operational results of the Trust. The declarations also confirm the statements are based upon a sound system of risk management and internal compliance and control systems are operating efficiently in relation to financial reporting risks.

#### [External auditors available at AGM](#)

Recommendation 4.3 of the ASX Principles is not applicable to the Trust.

#### **Principle 5: Make timely and balanced disclosure**

##### [Disclosure Policy](#)

BFML is committed to complying with the continuous disclosure obligations contained in the ASX Listing Rules. The Board has adopted a continuous disclosure policy, which is designed to ensure that all unit holders have equal and timely access to material information concerning the Trust. The Continuous Disclosure Policy applies to the Directors, and managers and employees involved in the operation of the Trust and BFML.

The Company Secretary is primarily responsible for the Trust's compliance with its continuous disclosure obligations and maintaining the Continuous Disclosure Policy. The Company Secretary is also the liaison between the Board and the ASX.

A copy of the Continuous Disclosure Policy is available on the Brookfield Australia website at [www.au.brookfield.com](http://www.au.brookfield.com).

#### **Principle 6: Respect the rights of the Trust's unitholders**

##### [Information on Website](#)

Up-to-date information on the Trust and BFML, as responsible entity of the Trust, including any continuous disclosure notices given by the Trust, financial reports, governance and distribution information, is available on the Brookfield Australia website at [www.au.brookfield.com](http://www.au.brookfield.com).

##### [Investor Relations Program](#)

BFML, in its capacity as responsible entity of the Trust, is committed to timely and ongoing communication with the Trust's unitholders.

BFML's communication strategy is incorporated into the Continuous Disclosure Policy. The annual report also provides an update to investors on major achievements and the financial results of the Trust.

##### [Facilitate Participation at Meetings of Unitholders](#)

Recommendation 6.3 of the ASX Principles is not applicable to the Trust.

##### [Facilitate Electronic Communication](#)

The Trust's investors are provided the option to receive electronic communications from and send communication to BFML, in its capacity as responsible entity of the Trust, and the Trust's share registry.

#### **Principle 7: Recognise and manage risk**

##### [Risk and Compliance Committee](#)

The Board is ultimately responsible for overseeing the management of risks relating to BFML's and the Trust's operations and has established a Risk and Compliance Committee to assist with this mandate. The Board has assigned accountability and responsibility for the management of risk to Management and reports to the Board on in relation to this via the Risk and Compliance Committee. Financial risks are managed by the Audit Committee.

The members of the Risk and Compliance Committee throughout the financial period were:

Name	Position	Number of Meetings in Year	Attendance
Barbara Ward	Chairman	3	3
F. Allan McDonald	Member	3	3

The Risk and Compliance Committee is governed by a formal charter, which is available on the Brookfield Australia website at [www.au.brookfield.com](http://www.au.brookfield.com).

#### Risk Management Strategy and Risk Registers

The Board has adopted a risk management strategy (RMS). The RMS describes the key elements of the risk management framework that relate to the delivery of financial services by BFML, as an Australian Financial Services Licensee. The RMS is reviewed on an annual basis. Pursuant to the RMS, risk registers are maintained to manage risks that could impact upon BFML, as the responsible entity of the Trust.

#### Compliance and internal audit

Designated compliance staff assist BMFL, as responsible entity of the Trust, with reviewing and monitoring the efficiency of compliance systems on an ongoing basis. Brookfield Australia also has an internal audit function (independent of Management) which may review aspects of BFML's and the Trust's activities as part of its annual program.

#### Sustainability risks

Environmental stewardship is a major component of Brookfield Australia's strategic business plan. Sustainability is a high priority to the organisation and is treated as a key business objective, along with revenue growth and risk management. Decisions made at Brookfield Australia take into account fiscal and environmental responsibilities.

A copy of the Sustainability Report is available on the Brookfield Australia website at [www.au.brookfield.com](http://www.au.brookfield.com).

#### Principle 8: Remunerate fairly and responsibly

##### Management fee

Recommendations 8.1, 8.2 and 8.3 of the ASX Principles are not applicable to the Trust.

Pursuant to the Trust's product disclosure statement and constitution, BFML, as responsible entity of the Trust is entitled to, but not mandated to claim a management fee. No such fee was claimed during the reporting period.