GOODMAN
HEALTH & SAFETY
CORPORATE
GOVERNANCE
FRAMEWORK

Executive and officer WHS due diligence systems
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1.0 INTRODUCTION

1.1 A pragmatic approach
The Health and Safety (HS) corporate governance framework is provided to ensure due diligence is discharged systematically across the Goodman Group. HS corporate governance refers to the high level actions of officers, including the Board and Executive, across the Goodman Group.

Due diligence is not a new concept in HS law. Most jurisdictions around the world have an expectation for officers of an organisation to exercise due diligence in HS. In some regions due diligence is available as a defence in the event of a contravention of HS law, while other jurisdictions prescribe due diligence as a positive duty, meaning a more proactive approach must be adopted.

There are numerous statutory provisions for officers to access due diligence as a defence in any prosecution, for example in the UK, the Supply of Machinery (Safety) Regulations 2008 section 23 states: “in the proceedings for an offence under these Regulations, a person who is shown to have taken all reasonable steps and exercised all due diligence to avoid committing the offence shall have a defence.”

The fundamental principle of due diligence in HS is the recognition that in order to achieve positive outcomes in HS management officers need to be engaged in the strategic direction and participate in HS risk management processes. Due diligence is primarily concerned with developing a proactive culture for prevention of incidents.

The essential elements of due diligence for an officer are interrelated and cumulative in nature. Due diligence can be achieved through the following.

- acquire and keep up to date knowledge of work health and safety matters regarding
  - the law and how this applies to the organisation
  - the health and safety issues and objectives for the organisation
  - the systems used by the organisation to manage HS
- gain an understanding of the operations of the business and the hazards and risks involved
  - in relation to legal, physical and systemic risks
  - for workers, customers, contractors and others
  - their own responsibilities and accountabilities in health and safety
  - the impact of decisions on the health and safety risks of the organisation
- ensure appropriate resources and processes are provided to enable hazards to be identified and risks to be eliminated or minimised
  - people, financial, systems, plant and equipment
- ensure information regarding incidents, hazards and risks is received and the information is responded to in a timely way
  - using performance metrics that are effective in identifying systemic issues for the organisation
  - using metrics that are effective at identifying and cultivating positive performance and proactive management of health and safety
- ensure the organisation has, and implements, processes for complying with any legal duty or obligation
  - through legal registers and compliance activities
  - audit and review
- ensure processes are verified, monitored and reviewed
  - monitoring metrics that support objectives
  - personal commitment and involvement
Though not exhaustive, these elements form part of a unified system for ensuring organisational compliance. The framework for this system should be familiar, clearly understood and structured in a way that officers have clarity on the methods used in discharging their duties. This can only occur through a systematic approach. The HS Corporate Governance framework is designed to ensure due diligence is delivered consistently and systematically throughout Goodman Group operations.

HS corporate governance systems are about ensuring officers are provided with concise and relevant data to efficiently and effectively govern the organisational HS risks. Financial governance systems provided a good analogy. Officers are not involved in day to day accounting transactions to ensure control and management of our financial performance but take key metrics and information to measure performance and monitor these metrics for effective risk control. HS corporate governance systems should have a similar strategic focus.

1.2 HS corporate governance systems objectives
Developing an effective HS corporate governance system across Goodman Group operations is a key business priority. It is commonly accepted that having HS as a key metric for business success and measuring HS performance will result in improved HS outcomes. Lawmakers in numerous regions have recognised this fact and prescribe specific duties for officer participation in HS due diligence.

By developing a systems approach to corporate governance less reliance is placed on individuals’ acts or omissions in discharging due diligence. A systematic approach provides some level of assurance that due diligence will occur regardless of other organisational pressures. Essentially the effect is to make HS due diligence part of the way Goodman Group runs its business and eliminates potential for oversight or omission.

Goodman Group’s investors, customers and the community have an expectation that its operations are being managed safely. Provision of a HS corporate governance framework provides an important link between operational risk management of HS and the corporate understanding of these HS risks. There are six key elements to the Goodman Group HS corporate governance system and each element is designed to address specific aspects of due diligence.

The Australian Securities Exchange (ASX) defines corporate governance as: “the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations. It encompasses the mechanisms by which companies, and those in control, are held to account. Corporate governance influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimised.”
The HS corporate governance framework consists of the following elements:

+ Element 1
  Board and executive knowledge
+ Element 2
  Accountability and responsibility
+ Element 3
  Strategy and planning
+ Element 4
  Statutory and contractual compliance
+ Element 5
  Performance management
+ Element 6
  Monitoring and verification
2.0 THE HS CORPORATE GOVERNANCE FRAMEWORK

2.1 Knowledge and understanding

Intent

Board and Executive knowledge is vital in HS due diligence. It is important that the Board and Executive have an appropriate understanding of the applicable HS laws, business operations and hazards, risks and control measures associated with these operations.

### Execution

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<th>Criteria</th>
<th>Compliance activities</th>
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| Legislative understanding | + Board, Risk and Compliance meetings table HS legislative updates  
+ Briefings are conducted by General Counsel annually  
+ Literature regarding legislation is circulated  
+ Impact of legislation on the operations of the business is summarised  
+ Professional association memberships, PCA etc. |
| Hazards and risks associated with the operations | + Significant hazards and risks are reported through Board, Risk and Compliance meetings  
+ A system for escalation of incident reporting and notification is developed  
+ Safety+ Leadership Teams provide a platform for leaders participation in the safety strategy and execution |
| Systems for management of risk | + HS management systems audit results are tabled at Risk and Compliance meetings  
+ Board and Executive receive a summary of HS non-conformances  
+ Board and Executive receive incident data and lead indicator trends |
| Resources | + Board and Executive ensure that there are sufficient resources for management and execution of the safety systems  
+ The Safety+ Leadership Teams will assess and report to the Board and Executive on the resourcing of health and safety in the business |
2.0 THE HS CORPORATE GOVERNANCE FRAMEWORK

2.2 Accountability and responsibility

Intent

To achieve its safety objective it is important that Goodman Group make HS a fundamental part of the accountabilities and responsibilities for individuals.

Execution

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<th>Criteria</th>
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<tr>
<td>Board, Executive and Senior Managers will have documented HS accountability and responsibilities</td>
<td>+ Contract and position descriptions are clearly defined and documented with responsibilities in HS allocated to the Board and Executive</td>
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<tr>
<td>Managers and supervisors shall have documented accountabilities and responsibilities</td>
<td>+ Develop accountabilities and responsibilities for managers and supervisors that are aligned to the objectives and targets for the organisation</td>
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<tr>
<td>Organisational performance includes HS</td>
<td>+ HS is included into performance reviews for staff including senior levels of the business</td>
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2.0 THE HS CORPORATE GOVERNANCE FRAMEWORK

2.3 Strategy and planning

Intent

Executing the safety management system requires commitment and oversight of HS from senior managers. Senior managers should set the vision for the safety strategy and drive a strategic approach to management of risks.

Execution

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| Strategic planning for WHS will be part of the Board and Executive mandate and delivered through the Safety+ Leadership Teams | + Board and Executive position descriptions include responsibility for review of objectives, targets and HS strategic plans  
+ Performance metrics will be developed that support HS strategic planning and tracking progress on objectives and targets |
| Safety+ Leadership Teams are responsible for execution of the strategic plans | + Safety+ Leadership Teams will provide the Board and Executive with direction on key strategic issues in HS for the business  
+ Board and Executive will ensure that a strategic plan is developed for key areas or risk that require significant resources |
2.0 THE HS CORPORATE GOVERNANCE FRAMEWORK

2.4 Statutory and contractual compliance

Intent

As a minimum Goodman Group will comply with HS law. In order to achieve this objective it is important to have oversight of the applicable HS legislation in the areas Goodman Group operates and evaluate its compliance against these duties.

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Execution

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| The Board and Executive have oversight of the legislative compliance for the organisation | + The HS management systems in each region will be subject to a legislative audit every three years  
+ Audit summaries will be communicated to the Board and Executive  
+ Lead metrics will be developed and reported |
| Board and Executive are informed regarding applicable laws and compliance | + A legal register is developed for each of the operating regions  
+ The legal register identifies legislative requirements and is used to map compliance activities to each provision |
2.0 THE HS CORPORATE GOVERNANCE FRAMEWORK

2.5 Performance management

**Intent**

Measuring performance is a vital part of delivering Goodman Group’s HS objectives. HS performance metrics should be effective and targeted at control and management of operational risks.

### Execution

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| Performance metrics support the business objectives and targets | + Incident reporting classification systems have been developed that assist in identification of areas for improved performance  
+ Board and Executive receive notification of significant incidents |
| Board and Executive make decisions based on the HS performance of the organisation | + Data provided to the Board and Executive is categorised according to relevance and root causal factors are identified  
+ The Board and Executive base decisions in the HS program on Safety+ Leadership Team feedback and trends in incidents |
| Decisions are based on risk management principles | + Safety+ Leadership Teams assess HS risk exposures as part of the development of strategic planning |
2.0 THE HS CORPORATE GOVERNANCE FRAMEWORK

2.6 Monitoring and verification

Intent

The Board and Executive should be active in the follow up and verification that controls are being implemented in relation to significant risks and trends in HS risk.

Execution

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| The Board and Executive will take a proactive approach to verification of system implementation and improvement | + Execution of the strategic plans will be verified by the Board and Executive  
+ Significant incidents will be investigated and results provided to the Board and Executive  
+ Lead performance indicators will be developed and reviewed by the Board and Executive |
| Board and Executive will be effectively informed and advised | + Board and Executive reporting will be transparent  
+ Board and Executive will be provided with sufficient information to enable them to make informed decisions |
| Board and Executive will lead safety cultural development | + Board and Executive will show visibility in HS through site inspections, making enquiries and setting clear expectations |