

MIRVAC GROUP RISK MANAGEMENT FRAMEWORK

June 2017

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1 Introduction

The Risk Management Framework is an extract of the Mirvac Group Risk Management Policy & Framework. It provides a guide to the Mirvac Group's businesses and entities (Mircvac) regarding the methodology behind the risk management processes implemented across Mirvac. Risk will manifest itself in many forms and has the potential to impact the health and safety, environment, community, reputation, regulatory, operational, market and financial performance of Mirvac and, thereby, the achievement of our strategy. Mirvac has adopted a culture where risks are identified, assessed, treated and reported at various levels of operation, including Board level. Prudent risk management is essential for Mirvac to continue to meet its obligations to its security holders and regulators, as well as the broader communities in which it operates.

2 Roles and Responsibilities

The Mirvac **Board of Directors** bears overall responsibility for the Mirvac's risk management framework and is responsible for decisions in relation to strategies and key risks. In turn, this authority has been delegated in part to the **Audit Risk and Compliance Committee** (ARCC). Specifically, the Responsible Entities and Trustee Board of Directors of Mirvac managed entities are responsible for ensuring there is a robust structure of risk management consistent with this Risk Management Policy & Framework.

Mircvac Group's ARCC assists the Board in fulfilling its oversight responsibilities in relation to the management of risk and compliance obligations within Mirvac. It is responsible for the effectiveness of Mirvac's risk management framework relative to the risk profile of Mirvac. In addition, it reviews managements' recommendations on risk and makes decisions regarding risk appetite, risk strategy and risk profile.

In consultation with the Board, the **Executive Leadership Team** (ELT) ensures that material risks, controls and thresholds are communicated and adhered to. The ELT is responsible for the implementation of the Mirvac Risk Management Policy & Framework.

The various **Investment and Investor Committees** for each investment vehicle will remain primarily responsible for the management of the investment vehicle's risk. They will, in turn, report to the relevant Responsible Entity/Trustee Board on a regular basis on the status of the investment vehicle's risk exposures, controls and mitigants.

The **Group Risk Team's** role includes implementing the Risk Management Policy & Framework to meet the requirements of the different business units and activities that comprise the Mirvac Group.

3 Governance

3.1 ISO 31000

The Mirvac Board has approved the implementation of a Risk Management Policy & Framework based on ISO 31000 (previously AS/NZS 4360). ISO 31000 is not a regulatory requirement for Mirvac; it is a guide for risk management.

3.2 Standards, Code of Conduct & various regulations

In following ISO 31000 Mirvac aims to comply with the myriad of regulations that govern the business. Mirvac is obliged to meet certain standards and regulations in the performance of major business functions including:

- ASX Corporate Governance and Principle Recommendations
- Insurance Contracts Act 1984
- Trade Practices Act 1974
- Privacy Act
- Corporations Act
- Occupational Health & Safety Act
- Anti-Discrimination Act 1977

In addition, Mirvac has introduced its own internal codes of conduct and expected behaviours, including:

- Mirvac Code of Conduct/Ethical Business Behaviour
- Securities Trading Policies
- Continuous Disclosure Policy

3.3 Regulatory Compliance Management

Regulatory risk is a key risk that has the potential to adversely impact the achievement of Mirvac's strategy. Regulatory risk is the risk of adverse regulatory changes/requirements, regulatory sanctions, material financial loss, or adverse reputational impact that Mirvac may suffer as a consequence of its failure to comply with laws, rules and regulations ('regulatory requirements') applicable to the conduct of its business.

Mirvac will give applicable Regulatory risks its full and due consideration. The core principles for Mirvac's approach to Regulatory risk management are:

- compliance management is the responsibility of all Workplace Participants (being the non-executive Directors, employees and contractors)
- continuously monitor changes to Regulatory requirements to analyse the possible impacts to Mirvac and help implement mitigation strategies
- Mirvac and its Workplace Participants comply with both the letter and spirit of regulatory requirements and do not attempt to evade or delay compliance
- regulatory requirements are embedded into Mirvac's day to day business activities

Any Workplace Participant who detects an issue that may be an actual, potential or likely breach of a regulatory requirement is responsible for immediately reporting it to their manager (or, in their absence, the Mirvac Group Risk team). The relevant manager must then immediately notify the Group Risk and Group Compliance to assist in the assessment, management, resolution and reporting of the matter.

Where a Workplace Participant does not feel at ease reporting an issue or a breach internally, they can use the Mirvac Open Line facility as an alternative means to report the matter.

<<https://home.mirvac.com.au/Policy/_layouts/15/WopiFrame.aspx?sourcedoc=/Policy/Documents/Open%20Line%20Policy.pdf&action=default>>

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Policy Maintained by: Group Risk

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3.4 Mirvac Licenses and Schemes

Mirvac has two Australian Financial Services Licences (AFSL) and manages one registered Managed Investment Scheme, being the Mirvac Property Trust. As part of its role as manager, Mirvac is required to ensure that the Scheme complies with the requisite risk management obligations. AFSLs are held by:

- Mirvac Funds Limited
- Mirvac Funds Management Limited

Mirvac Funds Limited is the responsible entity for the ASX Listed Mirvac Property Trust stapled to Mirvac Limited to form Mirvac Group.

Mirvac Property Trust has a compliance plan which has been lodged with ASIC and is reviewed by Mirvac Compliance and other relevant executives on a quarterly basis. The results of the review are reported to ARCC on a quarterly basis, and any reportable breaches are notified to ASIC immediately.

4 Regular Reviews and Board Commitment

This Risk Management Framework and underlying strategies will be reviewed at least every two years by the ARCC to ensure their continued application and relevance. Management review of the implementation and effectiveness of this policy is also undertaken regularly by the ELT and the Responsible Entities and Trustee Board of Directors of Mirvac managed entities. Mirvac is committed to effective risk management and recognises it as a core managerial capability. All employees are expected to be risk managers.

Employees who knowingly and recklessly operate outside the Risk Management Policy and Framework of Mirvac Group will be subject to disciplinary action.

5 Approved and Adopted

This policy was approved and adopted by the Mirvac Group ARCC on 22 June 2017.