

## Corporate Governance Statement

# Corporate Governance Statement

The Board of HT&E Limited (**Company**) endorses good corporate governance practices and oversees an organisation-wide (**Group**) commitment to high standards of legislative compliance and financial and ethical behaviour.

The Directors' overriding objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interests of all shareholders and ensures the Company is properly managed.

The Company has considered the best practice recommendations established by the ASX Corporate Governance Council *Corporate Governance Principles and Recommendations* (**Recommendations**) and has complied with those Recommendations for the entire reporting period (unless indicated otherwise). This Corporate Governance Statement should be read in conjunction with the Corporate Governance section of the Company's website and the Company's Annual Report.

Below is a description of the Company's main corporate governance practices and policies. A copy of this Corporate Governance Statement is available on the Company's website.

### BOARD OF DIRECTORS

#### BOARD RESPONSIBILITIES

The Board is responsible for overseeing the long-term profitable growth of the Company. This is achieved through a process of regular reviews of strategy, operations and areas of risk.

The Board sets overall corporate policy and provides guidance for the Executive Key Management Personnel (as defined in the Remuneration Report on page 24 of the Annual Report) (**Executive KMP**) and oversight of policy execution.

The responsibilities of the Board include:

- overseeing the workings of the Company, including its control and accountability systems;
- appointing the Chairman of the Company;
- appointing and removing the Chief Executive;
- appointing and removing the Chief Financial Officer (based on the recommendation of the Chief Executive);
- appointing and removing the Company Secretary;
- providing input into and approving corporate strategy;
- providing input into and approving the annual operating budget (including the capital expenditure budget);
- approving and monitoring major capital expenditure, capital management and acquisitions/divestitures;
- monitoring compliance with legal and regulatory obligations; and
- reviewing and ratifying systems of risk management and internal compliance and controls, codes of conduct, continuous disclosure, remuneration, legal compliance and other significant corporate policies.

The Board regularly reviews the division of functions between the Board and management to ensure that it continues to be appropriate to the Company's needs. Responsibility for the day-to-day operations of the Company is usually

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conferred on the Chief Executive who reports to the Board and provides the Board with information in relation to the conduct of the business of the Company. The Chief Executive exercises this responsibility in accordance with Board-approved annual operating budgets and reports to the Board at regular Board meetings. In addition, the Company's Executive KMP meet regularly to examine the performance of the Company compared to Board-approved operating budgets and policies. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

### TERM OF OFFICE

The Constitution of the Company specifies that there be a minimum of three and a maximum of nine Directors or such other number as determined by the Board from time to time by resolution.

The Constitution of the Company also specifies that an election of Directors must be held at each Annual General Meeting.

A Director (other than any Managing Director) must retire from office at the third Annual General Meeting after being elected or last re-elected. If no Director is required to retire at an Annual General Meeting, then the Director with the longest period in office since being elected or last being re-elected must retire. Directors who retire by rotation are eligible for re-election at the Annual General Meeting. A Director appointed since the most recent Annual General Meeting holds office only until the next Annual General Meeting and is then eligible for election by shareholders.

Information about a candidate standing for election or re-election as a Director is provided in the Company's Notice of Annual General Meeting and Annual Report to enable shareholders to make an informed decision on how to vote.

### COMPOSITION AND QUALIFICATIONS

The Board currently consists of five members: four non-executive Directors and one executive Director (the CEO & Managing Director).

During the reporting period, the Board consisted of up to seven members (six non-executive Directors and the CEO & Managing Director).

Details of the names, qualifications, tenure, skills, experience and Board Committee memberships of the Directors and meeting attendances of Directors during the reporting period appear on pages 14 to 15 and 21 of the Annual Report.

### BOARD SKILLS MATRIX

The Board believes it is important to ensure a strong mix of skills, experience and diversity on the Board to support the Company's future growth.

The Board has reviewed the skills and experience of the Directors and the following skills and expertise are collectively held by the Board:

#### Skills and experience

- media, advertising and marketing expertise
- digital/online, technology and disruption expertise
- strategic and operational expertise (across a range of industries)
- people leadership and business acumen
- experience in senior leadership, including on the boards of other significant listed companies and managing through periods of rapid change
- mergers and acquisitions/fund raising and capital management expertise
- audit/accounting skills with experience in financial accounting reporting, analysing financial statements and internal financial controls
- risk, governance and compliance expertise
- dispersed geographical experience
- diversity in thinking

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The Board continues to assess its composition to ensure a strong balance of skills, experience and diversity.

The Company's non-executive Director induction process includes the provision of an induction pack, briefings from the Chairman and certain Executive KMP (regarding the Company's business, strategy, financial position and corporate governance policies), meeting with other non-executive Directors, and visits to Company operations.

Directors attend external education seminars and conferences including on topical industry trends and issues. In addition, the Company arranges presentations to the Board from key executives to update the Board on business activities, key issues and strategy. Directors are also expected to educate themselves on an ongoing basis to ensure they appropriately and effectively perform their duties.

### BOARD PROCEDURE

The Board meets formally on a regular basis. From time to time, meetings are held at the offices of divisional operations, enabling Directors to obtain increased knowledge of Company operations.

### MEETING AGENDAS

Board meeting agendas are usually settled by the Chairman with input from the Chief Executive to ensure adequate coverage of financial, strategic and major risk areas throughout the financial year. Directors may add items to the agenda. At each Board meeting, there is time set aside for non-executive Directors to meet without management present.

### INDEPENDENT ADVICE

Directors are empowered to consult with external advisers at the Company's expense to enable them to perform their duties to the Company. Prior approval of the Chairman is required, however, this would not be unreasonably withheld. In the case of the Chairman, prior notice should be given to a majority of the non-executive Directors of the proposed engagement of a professional adviser before any expenses are incurred, setting out the reasons the Chairman believes it appropriate (having regard (in good faith) to the views of the other non-executive Directors) before proceeding.

### INDEPENDENCE OF DIRECTORS

In terms of assessing independence, Directors are considered to meet the threshold for independence if they are free of any interest, position, association or relationship that might influence, or could reasonably be perceived to influence, in a material respect their capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the Group and its securityholders generally. Rather than applying materiality thresholds, materiality is assessed on a case-by-case basis.

In terms of longevity of time in office, the Board does not consider that independence can be assessed with reference to an arbitrary and set period of time, and the independence of any non-executive Directors who may have held office for some time, is considered on a case-by-case basis. The Company considers that its best interests and the best interests of its securityholders are likely to be well served by the Company's mix of Directors, some with a longer tenure and deeper understanding of the Company and its business and others with a shorter tenure with fresh ideas and perspective.

During the reporting period, a majority of the Board were independent Directors.

All the current non-executive Directors of the Company are considered by the Board to be independent:

- Hamish McLennan (Chairman) (appointed 30 October 2018);
- Roger Amos (appointed 30 November 2018);
- Paul Connolly (appointed 18 October 2012, Acting Chairman from 17 September 2018 to 30 October 2018); and
- Belinda Rowe (appointed 5 February 2019).

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All the former non-executive Directors of the Company (who held office during the reporting period) were considered by the Board to be independent:

- Peter Cosgrove (former Chairman, retired 30 June 2018);
- Peter Cullinane (retired 7 May 2018);
- Christine Holman (resigned 3 December 2018);
- Robert Kaye (appointed 19 February 2018, Interim Chairman from 30 June 2018 to 11 September 2018, resigned 11 September 2018); and
- Anne Templeman-Jones (resigned 14 May 2018).

The Board considered the independence of the former Chairman, Peter Cosgrove with reference to his then interest in, and relationship with, MediaCap. The Board considered that HT&E's investment in, and involvement with, MediaCap is not material. On this basis the Board was satisfied that Peter Cosgrove was independent during his tenure.

### PERFORMANCE EVALUATION

From time to time, including during the reporting period, the operation of the Board, its Committees and individual Directors and their performance are discussed and, where appropriate, measures are taken to enhance their effectiveness. The Company uses various methods to evaluate performance including interviews with Directors. External advisors are also engaged to provide advice from time to time.

During the reporting period, an external advisor, BoardFocus was engaged to perform an independent evaluation of the Board, its Committees and individual Directors. This evaluation included an examination of the Board's effectiveness, including one-on-one interviews of individual Directors, and certain members of management.

### AGREEMENTS WITH DIRECTORS AND EXECUTIVE KEY MANAGEMENT PERSONNEL

Directors are provided with written agreements setting out matters including their responsibilities, remuneration (including superannuation entitlements), disclosure obligations, requirement to comply with key corporate policies and confidentiality obligations.

Each Executive KMP has a written employment agreement which sets out his/her position, duties and responsibilities, reporting line, circumstances in which their service may be terminated and any entitlements on termination.

Further details can be found in the Remuneration Report on page 37 of the Annual Report.

### BOARD COMMITTEES

The Board has established a number of Committees to assist in the execution of its duties and to allow detailed consideration of various issues.

Current Committees include, among others, the Nomination and Governance Committee, Remuneration Committee and Audit & Risk Committee which all consist entirely of non-executive Directors.

Each of these Committees has its own formal charter setting out its role and any powers delegated to it by the Board. The Company regularly reviews its policies and charters, including during the reporting period, and where appropriate, such policies and charters are updated. Copies of the charters are available on the Company's website.

Matters recommended by these Committees are submitted to the full Board for approval.

### NOMINATION AND GOVERNANCE COMMITTEE

The Company has a Nomination and Governance Committee. The Nomination and Governance Committee currently consists of the following non-executive Directors:

- Paul Connolly (appointed Chair on 7 May 2018);
- Roger Amos (appointed 12 December 2018); and
- Hamish McLennan (appointed 12 December 2018).

The following former non-executive Directors were members of the Nomination and Governance Committee during

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the reporting period:

- Peter Cosgrove (former Chair, retired 30 June 2018); and
- Christine Holman (resigned 3 December 2018).

The Nomination and Governance Committee did not have three members for part of the reporting period. The Board considers this was appropriate given the reduced number of non-executive Directors during part of the reporting period (and otherwise the Committee would have been comprised of all the non-executive Directors of the Company). The Nomination and Governance Committee remained of sufficient size and independence to discharge its mandate effectively with appropriate diversity of membership. Nomination and governance matters are considered by the full Board with the benefit of input from the Nomination and Governance Committee.

The main role of the Nomination and Governance Committee is to make recommendations to the Board on the following matters:

- the composition of the Board to ensure it is comprised of members who provide the required breadth and depth of skills, experience and knowledge to achieve the objectives of the Board;
- succession planning for the Board, the Chief Executive and other senior executives;
- the development and implementation of a process for evaluating the performance of the Board, its Committees and Directors;
- the process for recruiting a new Director, including ensuring any vacancies on the Board are filled with the best possible candidate through the use of executive search firms and/or by direct approach, ensuring appropriate checks are undertaken, considering the independence of the candidate and ensuring that new Board members are afforded induction and continuing professional development programs;
- consideration of the appointment of additional Directors to provide the expertise to achieve the strategic and economic goals of the Group;
- the annual Corporate Governance Statement;
- the corporate governance policies to be implemented by the Company and amendments to existing corporate governance policies to reflect material changes in law and/or practice relating to corporate governance; and
- other matters referred to the Committee by the Board from time to time.

The Board appreciates that having a range of backgrounds, skills and experience can contribute to a well-functioning Board that robustly considers issues and makes decisions. The Board skills matrix on page 2 of this Corporate Governance Statement demonstrates the range of skills and experience currently represented on the Board.

The Board skills matrix is reviewed annually, and where a vacancy arises or additional skills are deemed necessary, the Nomination and Governance Committee manages a process to identify suitable candidates, which may involve the engagement of an external search firm. Relevant candidates will be considered based on their fit, skills, experience and qualifications and recommendations will be made to the Board for final selection and appointment by the Board.

During the reporting period, Spencer Stuart was appointed as the Company's external board search consultant to find ideal candidates with the recommended skills, expertise and attributes for appointment to the Company's Board.

### REMUNERATION COMMITTEE

The Company has a Remuneration Committee. The Remuneration Committee currently consists of the following non-executive Directors:

- Roger Amos (Chair) (appointed 12 December 2018);
- Paul Connolly; and
- Hamish McLennan (appointed 12 December 2018).

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The following former non-executive Directors were members of the Remuneration Committee during the reporting period:

- Robert Kaye (former Chair, appointed 7 May 2018, resigned 11 September 2018);
- Peter Cullinane (former Chair, resigned 7 May 2018);
- Christine Holman (appointed 14 May 2018, resigned 3 December 2018); and
- Anne Templeman-Jones (resigned 14 May 2018).

The Remuneration Committee did not have three members for part of the reporting period. The Board considers this was appropriate given the reduced number of non-executive Directors during part of the reporting period (and otherwise the Committee would have been comprised of all the non-executive Directors of the Company). The Remuneration Committee remained of sufficient size and independence to discharge its mandate effectively. Remuneration matters are considered by the full Board with the benefit of input from the Remuneration Committee.

The main role of the Remuneration Committee is to:

- ensure that remuneration policies and practices are consistent with the strategic goals of the Group and are relevant to the achievement of those goals;
- recommend to the Board for approval remuneration arrangements and all reward outcomes for any executive Directors, the Chief Executive and direct reports to the Chief Executive;
- recommend to the Board for approval the Board fee arrangements for non-executive Directors;
- recommend to the Board for approval remuneration by gender (or other criteria supporting diversity); and
- recommend to the Board for approval any significant changes in remuneration policy and structure, including superannuation, employee equity plans and benefits.

The performance of the Executive KMP as listed on pages 24 to 25 of the Annual Report is evaluated on an ongoing basis by the Chief Executive who then makes recommendations to the Remuneration Committee in relation to the appropriate level of remuneration for the Executive KMP based on their performance against budgeted targets (either Group or divisional as appropriate) and the achievement of individual business objectives. The Remuneration Committee reviewed the remuneration of the Executive KMP (including the Chief Executive) during the reporting period in accordance with this process.

Further details on remuneration policy and the structure of non-executive Director remuneration and further details of the appraisal and performance evaluation applicable to Executive KMP appear in the Remuneration Report on pages 27 to 42 of the Annual Report.

### AUDIT & RISK COMMITTEE

The Company has an Audit & Risk Committee. The Audit & Risk Committee currently consists of the following non-executive Directors:

- Roger Amos (Chair) (appointed 30 November 2018);
- Paul Connolly; and
- Hamish McLennan (appointed 12 December 2018).

The following former non-executive Directors were members of the Audit & Risk Committee during the reporting period:

- Anne Templeman-Jones (former Chair, resigned 14 May 2018);
- Robert Kaye (appointed 7 May 2018, resigned 18 September 2018); and
- Christine Holman (Interim Chair from 14 May 2018 to 30 November 2018, resigned 3 December 2018).

The Audit & Risk Committee did not have three members for part of the reporting period. The Board considers this was appropriate given the reduced number of non-executive Directors during part of the reporting period (and otherwise the Committee would have been comprised of all the non-executive Directors of the Company). The Audit & Risk Committee remained of sufficient size and independence to be able to discharge its mandate effectively with its members having accounting and financial expertise, necessary technical knowledge and a sufficient understanding of the industry in which HT&E operates. Audit and risk matters are considered by the full Board with the benefit of input from the Audit & Risk Committee.

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The main role of the Audit & Risk Committee is to:

- review the scope, integrity and effectiveness of (among others) the external and internal audit functions, financial reporting and disclosures, risk management and compliance, due diligence procedures and the propriety of related party transactions;
- review and consider any reports or findings arising from any audit function either internal or external;
- review and ensure compliance of the Group's financial statements (including related Australian Securities Exchange (**ASX**) releases);
- oversee the Company's relationship with its external auditors;
- oversee and independently review the Company's and Group's Risk Management Framework;
- oversee and independently review the Company's and Group's Internal Audit & Risk function; and
- consider other matters referred to the Committee by the Board from time to time.

The Audit & Risk Committee has unlimited and unrestricted access to management and employees and regular meetings are held with the external auditors, providing an essential direct link between the auditors, management and the Board.

Audit & Risk Committee meetings are held at least four times every financial year to evaluate the financial information submitted to it and to review any procedures and policies that would affect the accuracy of that information.

Audit & Risk Committee meetings are regularly attended by the Chief Executive, Chief Financial Officer, Group General Counsel and Company Secretary, Internal Audit & Risk Manager and external auditors. Directors who are not members of the Audit & Risk Committee are invited to attend Audit & Risk Committee meetings as observers, are advised of meeting dates and times and are provided with Audit & Risk Committee materials.

An ongoing five-year rotation policy applies to the engagement partner of the external auditor of the Company.

### RISK MANAGEMENT

The Audit & Risk Committee has oversight of risk management, and monitors the operational and financial performance of all business units through regular reports from the Chief Executive and Chief Financial Officer, to enable the identification of the key business and financial risks which may prevent the Group from achieving its objectives.

This enables the Board and senior executives to be fully informed of such risks and to ensure that appropriate controls are in place to effectively manage those risks.

As the Group is a media and entertainment group operating in Australia and Hong Kong, the Group is subject to diverse types of risk including, but not limited to, the following risks: legal and regulatory compliance, financial and market, government policy and political, reputation and brand, operational, and trading conditions.

The nature of the businesses and operations of the Group:

- means that any single risk apparent to a division must be considered in the context of Group materiality; and
- is a key reason for the Board's commitment to division-based responsibility for the implementation of risk management policy and the primary identifier of risk management issues.

The Company has a Risk Management Policy to facilitate a consistent approach to risk management and the reporting of risk across the Group. The Risk Management Policy is part of the Group's Risk Management Framework which outlines the Group's risk management processes, the roles and responsibilities of key stakeholders, documentation and reporting requirements.

The Company's Internal Audit & Risk function works through a schedule of prioritised risk areas across all major business units to provide an independent risk assessment and evaluation of operating and financial controls. The Internal Audit & Risk function is independent from the external auditor and reports the results of its reviews to the Audit & Risk Committee.

Implementation of enhancements to the Risk Management Policy and Risk Management Framework are recommended by the Committee for approval by the Board on an ongoing basis. The Company's approach to risk management is assessed at least annually by the Audit & Risk Committee in order to make a recommendation to



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the Board on the appropriateness of the Risk Management Framework. The Risk Management Policy is reviewed regularly and approved by the Board. During the reporting period, the Company reviewed its Risk Management Framework and was satisfied that it continued to be appropriate. In addition, enhancements were made to increase transparency of risk for the Board and HT&E management.

During the reporting period, as part of the Company's risk management and internal compliance procedures, the Chief Executive and Chief Financial Officer reported to the Board in writing and in accordance with section 295A of the *Corporations Act 2001* that the Company's financial records have been properly maintained, and the Company's financial reports present a true and fair view of the Company's financial position and operational results, and are in accordance with relevant accounting standards.

The Chief Executive and Chief Financial Officer also declare to the Board that their statements are based on a sound system of risk management and internal compliance and controls and that this system is operating effectively in all material respects, and all material Group risks are being managed effectively. Management also reports to the Board as to the effectiveness of the Company's management of its material business risks.

The Group has no material exposure to any specific economic, environment or social sustainability risks that are not being managed in accordance with its policies.

A summary of the Group's approach to significant business risks during the reporting period is set out on pages 19 to 21 of the Annual Report.

### ECONOMIC

A summary of the Group's approach to the Group's economic risks during the reporting period is set out on page 20 of the Annual Report.

### ENVIRONMENT

A summary of the Group's approach to the environment during the reporting period is set out on page 12 to 13 of the Annual Report.

### SOCIAL SUSTAINABILITY

A summary of the Group's approach to social sustainability matters during the reporting period is set out on page 12 to 13 of the Annual Report.

### HEALTH AND SAFETY

The Company's operations are conducted in a range of low-risk environments with the majority of employees working in standard office environments. The Company is committed to ensuring the health, safety and wellbeing of its employees and those within the broader communities in which it operates. The sale of Adshel significantly decreased the health and safety risk profile of the Group.

During the reporting period, the Company continued its program of enhancing:

- the safety governance and ongoing work to ensure compliance in an evolving legislative environment; and
- the effectiveness of its workplace health and safety practices.

The Company's primary measures of safety performance are currently the Lost Time Injury Frequency Rate (**LTIFR**) and Medical Treatment Injury Frequency Rate (**MTIFR**). These reflect the number of lost time and medical treatment injuries experienced for every million hours of employee work time.

The Company's commitment to improving the workplace environment has been reflected in the maintenance of low rates for LTIFR and MTIFR.

### SHAREHOLDER COMMUNICATION AND CONTINUOUS DISCLOSURE

As part of an overall policy of open disclosure, the Company ensures that all material communications regarding its operations are made available for all interested stakeholders in a timely fashion. The Company has a policy in place to ensure compliance with the Listing Rules regarding disclosure and to ensure accountability at a senior executive level for compliance. The Market Disclosure Policy is designed to ensure that there is full and timely disclosure of the Company's activities to shareholders and the market in accordance with the Company's legal and regulatory obligations.



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In summary, the Market Disclosure Policy provides for the following:

- the disclosure of price-sensitive information (unless there is an applicable exception);
- the Company's approach to market speculation;
- disclosure responsibilities and procedures; and
- how external communications are conducted.

The Market Disclosure Policy also provides that:

- where possible, the Company will arrange for advance notification of significant briefings (including, but not limited to, results announcements) and make them widely accessible, including through the use of webcasting or any other mass communication mechanism as may be practical; and
- for shareholders who wish to attend General Meetings by proxy, to the extent considered practicable, the Company will provide for the electronic lodgement of proxy forms. The Company provides this facility for its General Meetings.

A copy of the Market Disclosure Policy is available on the Company's website.

The Company facilitates two-way communication with shareholders (predominantly through its website and electronic communications). The Company's website lists announcements made to the market, presentations to industry analysts and investors, information on dividends and the Dividend Reinvestment Plan, summary historical financial information and information regarding annual and interim financial results among other matters. Market announcements are posted to the website as soon as practicable after release. Copies of recent past Company Annual Reports and details of the outcome of Annual General Meetings are also available from the website, or upon request directly from the Company.

Announcements (for the past five years) and financial results (for the past 12 years) are available on the Company's website. Shareholders also have the option to receive certain electronic communications from the Company and may contact the Company through a dedicated email address. Shareholders can also subscribe on the Company's website to automatically receive the following Company information by email:

- ASX Announcements;
- Weekly Summary Alert;
- Presentations & Recent Webcasts Alert; and
- Annual & Interim Reports Alert.

Shareholders can contact the Company via email addresses listed in the Contact Us section of the Company's website. Shareholders can also elect to communicate with the Company's share registry (Link Market Services Limited) electronically.

In relation to shareholder participation at General Meetings, shareholders are encouraged to attend either in person or by proxy or corporate representative (if applicable). The Company has also provided live webcasts of its General Meetings through the Company's website. Shareholders attending Annual General Meetings are able to ask questions regarding the Financial Report, Directors' Report and Independent Auditor's Report or on Company management. In addition, shareholders may ask questions of the external auditor, who is required to attend each Annual General Meeting, to respond to queries about the conduct of the audit of the Financial Report, the preparation and content of the Independent Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

### SECURITIES TRADING

Directors and senior managers are made aware that the law prohibits insider trading. The Directors are aware that the Corporations Act 2001 and the Listing Rules require disclosure of any trading undertaken by Directors or their related entities in Company securities.

In addition to these requirements and obligations, the Company has a Securities Trading Policy and Guidelines.

The Securities Trading Policy and Guidelines imposes trading restrictions on all Group employees with price sensitive information and imposes additional trading restrictions on Directors, the Chief Executive and all his direct reports (and those directly reporting to them), Executive KMP, and participants in any HT&E Employee Incentive Plan (as defined in the Policy) during Company-designated closed periods (prior to the release of half and full year results and any additional periods imposed by the Company from time to time when the Company is considering

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confidential matters which are not required to be disclosed to the market under ASX Listing Rule 3.1A). This Policy also prohibits the entering into of any hedging or other arrangements by which the economic risk associated with any unvested options, rights or similar instruments held pursuant to an HT&E Employee Incentive Plan are limited. The Policy states that breaches of the Securities Trading Policy and Guidelines will be subject to disciplinary action, which may include termination of employment. A copy of the Securities Trading Policy and Guidelines is available on the Company's website.

### ETHICAL STANDARDS

The Group has a Code of Conduct covering policies and other standards within which Directors, employees and consultants are expected to act. A copy of the Code of Conduct is available on the Company's website.

Under the Code of Conduct, the practices necessary to maintain confidence in the Company's integrity and legal obligations and the reasonable expectations of stakeholders are summarised as follows:

- all Directors, employees and consultants are required to abide by laws and regulations and the requirements of the Code of Conduct and to respect confidentiality and the proper handling of information;
- all Directors and employees are required to act with the highest standards of honesty, integrity and ethics in all dealings with each other, the Group, customers, suppliers and the community;
- Directors or employees giving and receiving gifts in connection with the operation of the Group are covered by the Code of Conduct, as are political contributions which must not be made directly or indirectly on behalf of the Group without Board approval;
- bribes or similar illegal payments must not be made to government officials, customers, suppliers or any other person in connection with obtaining orders or favourable treatment; and
- full co-operation with internal and external auditors, proper record keeping and the avoidance of conflicts of interest are all required.

It is a term of standard Group employment contracts that employees are expected to comply with Company policies (which includes the Code of Conduct) and failure to do so is considered serious and may have consequences depending on the facts in each case, including termination of employment. Reporting of instances of breaches of the Code of Conduct is required and the Company has adopted a Whistleblower Policy to assist in the identification and reporting of breaches of Company policy and similar matters. In the event a concern is submitted under the Whistleblower Policy the Internal Audit & Risk Manager, Group General Counsel and Company Secretary and the Chair of the Audit & Risk Committee will discuss and decide the appropriate action to take in order to investigate and validate any allegations.. A copy of the Whistleblower Policy is available on the Company's website.

### DIVERSITY

#### APPROACH TO DIVERSITY

The Company views diversity as being important to facilitating the achievement of corporate objectives and the continued growth and success of its businesses. In particular, it is the view of the Board that a diverse workforce is essential for the Company to be able to deliver its strategic objectives and continue to meet its responsibilities to its customers, its employees, the communities in which it operates, and its shareholders.

The Company continues to further pursue its diversity objectives.

#### PRINCIPLES

The Company believes that continued success and competitive advantage will be achieved by the Group providing an environment that respects, values and works to enhance a richness of diversity among its employees.

The Group will, accordingly, continue to focus on operating in a manner which:

- recognises the value of diversity-relevant work practices;
- differentiates in favour of and promotes structures and programs of diversity and inclusiveness;
- develops leaders who are active and visible sponsors of diversity and inclusiveness;
- sets meaningful objectives that demonstrate the commitment of the Group to align its operations to its diversity objectives; and
- supports equal pay for the same role/position and same qualifications and experience.

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## OVERSIGHT AND SPONSORSHIP

The Board oversees the Group's focus on diversity, and delegates the responsibility for the management, oversight and administration of the Diversity Policy to the Chief Executive.

During the reporting period, divisional chief executive officers, with their human resources teams, oversaw and co-ordinated programs that improved diversity across the Group and reported to the Chief Executive on diversity matters.

## PROGRAMS AND INITIATIVES

The Group has in place, and will continue to identify, develop and enhance, practices that promote and support an environment of diversity and inclusiveness.

Such programs and practices encompass wherever possible:

- employee recruitment;
- employment terms, including flexible work arrangements, job sharing, teleworking, parental leave and return to work;
- leadership development, including training in enhancing diversity practices and leading diverse teams; and
- reward and recognition.

## OBJECTIVES FOR GENDER DIVERSITY

The Company achieved its measurable objectives for increasing gender diversity within the Group's workforce which included the objective of increasing the ratio of women in management level roles in the organisation over a three-year period by 10 per cent.

Given the restructure of the Group after the sale of Adshel, going forward, the base against which the ratio of women in management level roles is measured will be reset using figures collected from the end of 2018.

During the reporting period, the Company's objectives for increasing gender diversity within the Group's workforce remained to:

- increase the ratio of women in management level roles in the organisation;
- conduct specific focused reviews in key work groups to identify and correct any potential barriers to the promotion of women;
- increase the number of women each year participating in any Company Executive Leadership Development Program and other leadership programs, with the target of reaching 50 per cent of women being sponsored; and
- develop effective policies and procedures to facilitate effective and flexible return to work arrangements for employees returning from parental leave.

A copy of the Diversity Policy is available on the Company's website.

## GENDER BALANCE

Women constitute approximately 52% per cent of the Group's workforce.

Women constitute approximately 39% per cent of the senior management<sup>1</sup> within the Group.

One of the four non-executive Directors of the Company is female.

## DIVERSITY AT BOARD AND SENIOR MANAGEMENT LEVEL

During the reporting period, the Company took a number of steps to achieve its diversity objectives and satisfy the Recommendations on diversity, including:

- the provision of training for senior and mid-level managers on how to support any employees should they

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<sup>1</sup> The term senior management used in this Diversity section of the Corporate Governance Statement includes all executives reporting directly to the Chief Executive and the next level of management reporting to those senior executives.

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have mental health issues;

- support of activities to increase the profile of R U OK? Day with the Company's employees;
- support of employees who are part of the LGBTQI community;
- continuation of paid parental leave that was introduced at the Australian Radio Network in 2016;
- continuation of the Australian Radio Network 'breast feeding room' equipped with a refrigerator for new mothers returning to work;
- continued emphasis on policies and procedures permitting flexible return to work programs;
- conducting a baseline "Diversity, Engagement and Inclusion Survey" within the Australian Radio Network;
- participation in the Women in Leadership Development programme at the Australian Radio Network;
- continued promotion of the diversity objectives, under the sponsorship of the Chief Executive, to further develop, embed and distil the Company's Diversity Policy and programs in support of the Diversity Policy; and
- continued tracking of diversity in the Group's workforce.

The Company, in consultation with the Chief Executive, will annually review and approve measurable objectives for achieving diversity and assess progress in achieving them.

The Company submitted a *Workplace Gender Equality Act 2012* report in Australia.

This Corporate Governance Statement has been approved by the Board and is current as at 13 February 2019.