

Board Charter

Tabcorp Holdings Limited

ACN 063 780 709

Adopted by the Board on 11 December 2020

Last review date: 9 December 2021

1 Purpose

The Board of Tabcorp Holdings Limited (the “**Company**”) has adopted this Board Charter (“**Charter**”) to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws.

This Charter includes an overview of:

- Board composition and process; and
- the relationship and interaction between the Board, Board Committees and management.

The 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 the Company, create shareholder value and engender the confidence of the investment market.

2 Board composition and membership

2.1 Board composition and size

- Non-executive Directors appointed to the Board of the Company are approved by the shareholders. Non-executive Directors are engaged through a letter of appointment.
- The Board determines the size and composition of the Board, subject to the terms of the Company’s Constitution. Under the Constitution, there must be no less than three and no more than 12 Directors.
- The Board is to comprise a majority of independent Directors and comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.
- The Board will periodically review the skills, experience, expertise and diversity represented by Directors on the Board and on each Board Committee and determine whether the composition and mix remain appropriate for the Company’s strategy.
- Where it deems it to be necessary the Board will oversee a process to facilitate orderly succession of Board membership and will determine candidates it considers appropriate for appointment to the Board or Board Committees (including whether the Board should support the election or re-election of any Director required to retire in accordance with the terms of the Company’s Constitution). This process may be overseen by the Nomination Committee, in which case the Board will receive reports and recommendations from that Committee on the outcome of that process.
- The Board will take account of relevant regulatory requirements and the terms of the Company’s Constitution in assessing the composition and mix of the Board.

2.2 Director independence

- The Board regularly assesses the independence of each Non-executive Director. Each Director is required to provide the Board with all relevant information to enable it to make this assessment. If there is a change in a Non-executive Director's interest, positions or relationships that could bear upon their independence, the Non-executive Director should inform the Board at the earliest opportunity.
- The Board defines an independent director as a Non-executive Director (that is, not a member of management) who is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Tabcorp as a whole rather than in the interests of an individual security holder or other party.
- When assessing the independent status of a Non-executive Director, the Board will consider the Guidelines set out in Attachment 1. The Board may determine that a Non-executive Director is independent notwithstanding the existence of an interest, position or relationship of the kind referred to in the Guidelines. However, the Board will state the reasons for making its determination in such a case.

2.3 Induction and training

- Each Director is expected to participate in all induction and orientation programs on appointment, and to undertake continuing education and training to maintain the skills and knowledge required to perform their role effectively. This may include matters relating to new and emerging business and governance issues, and material developments in laws, regulations and accounting standards relevant to the Company. The Company Secretary will assist Directors in this regard.

3 Board role and responsibilities

3.1 Board role

The Board's role is to:

- provide leadership for the Company and represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial, human and other resources the Company has in place to meet its objectives and reviewing management performance;
- protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and monitor compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

3.2 Board responsibilities

The responsibilities of the Board include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the Managing Director and Chief Executive Officer (“**MD & CEO**”);
- contributing to and approving management development of corporate strategy and the Company’s purpose, including setting performance objectives and approving operating budgets;
- monitoring corporate performance and management’s implementation of strategic goals and objectives;
- reviewing and monitoring systems of risk management (for both financial and non-financial risks), internal control and ethical and legal compliance. This includes setting the risk appetite for the Company, reviewing procedures to identify the main risks associated with the Company’s businesses and the implementation of appropriate systems to monitor, manage and report on these risks;
- overseeing the Company’s values and corporate governance policies (including in respect of inclusion and diversity, and the health and safety of employees, contractors, customers and the community) and monitoring corporate culture including by setting the tone from the top;
- overseeing management’s implementation of the Company’s corporate responsibility strategy and program;
- acting to protect and enhance the reputation of the Company;
- approving major capital expenditure, acquisitions and divestitures outside the MD & CEO’s delegated authority, and overseeing capital management, including approving dividend payments;
- monitoring and reviewing management processes aimed at ensuring the integrity of the Company’s financial and other reporting;
- overseeing the Company’s external audit and internal audit activities;
- approving financial reports, profit forecasts and other reports required at law or under the ASX Listing Rules to be adopted by the Board;
- ensuring that mechanisms are in place for making timely and balanced disclosure to shareholders and the market regarding the Company’s performance and major developments affecting its state of affairs;
- satisfying itself that appropriate processes exist for relevant information to be reported by management to the Board in a timely, accurate and clear manner, and challenging management and holding it to account whenever required;
- engaging from time to time with key stakeholders, including relevant politicians, regulators and other government authorities, as well as industry and commercial partners, within an agreed strategic stakeholder management framework; and
- performing such other functions as are prescribed by law or nominated by the Board from time to time.

4 Delegation of duties and powers

4.1 Powers reserved to the Board

For the avoidance of doubt, matters which are specifically reserved for the Board or its Committees include:

- Appointment and removal of the Chairman of the Board;
- Appointment and removal of the MD & CEO;
- Appointment of Directors to fill a vacancy or as additional Directors;
- Appointment and removal of the Company Secretary;
- Establishment of Board Committees, their membership, Charters and delegated authorities;
- Approval of statutory financial reports, the directors' reports, including the remuneration report, and key elements of other related disclosures, regulatory lodgements and market releases;
- Approving earnings guidance to shareholders;
- Approval of dividends and dividend policy;
- Approval of changes to the Company's capital structure and funding arrangements;
- Review of the Company's corporate governance framework, including significant policies and related public documents;
- Approval of the Company's purpose, values and Code of Conduct;
- Approval of the Company's annual budget;
- Approval of delegations of authority to management and any expenditure or actions outside of approved delegated authority limits;
- Approving the appointment, removal and remuneration of the External Auditor;
- Calling meetings of shareholders;
- Review of investigations in relation to, and approval of, any expansion of the Company's activities into new geographic areas or new non-core and substantive businesses;
- The remuneration of Non-executive Directors and the MD & CEO; and
- Any other specific matters nominated by the Board from time to time.

4.2 Delegation to Committees

- The Board from time to time establishes Committees to streamline the discharge of its responsibilities.
- The Board adopts a formal charter for each standing Committee setting out the matters relevant to the composition, responsibilities and administration of the Committee.
- Unless specifically delegated by the Board, Committees are not empowered to make decisions for the Company, but to make recommendations to the Board.

- The permanent standing Committees of the Board are the:
 - Nomination Committee;
 - People and Remuneration Committee;
 - Audit Committee;
 - Technology Committee; and
 - Risk and Compliance Committee.
- The Board may also convene and delegate specific functions to ad hoc Committees on an 'as needs' basis by resolution.

4.3 Delegation to management

- While the Board retains ultimate responsibility for the strategy and performance of the Company, the day-to-day operation of the Company is conducted by, or under the supervision of, the MD & CEO as directed by the Board.
- The Board approves corporate objectives for the MD & CEO to work towards and, jointly with the MD & CEO, develops the duties and responsibilities of the MD & CEO.
- The MD & CEO:
 - is responsible for implementing strategic objectives, plans and budgets approved by the Board; and
 - is accountable to the Board for matters within its delegated authority.
- Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.
- Directors are entitled to request additional information at any time when they consider it appropriate.

5 Board process

5.1 Meetings and proceedings

- The Board will meet as frequently as required to effectively discharge its responsibilities. A meeting schedule is determined annually in advance by the Board. Additional meetings may be convened if matters requiring immediate consideration arises between scheduled meetings.
- Directors are required to be fully prepared for each meeting and will use all reasonable endeavours to attend Board meetings in person or, if necessary, may participate by videoconference or other electronic means.
- Unless the Directors agree otherwise, two Directors constitute a quorum. In the absence of the Chairman, the Directors present may elect one of their number to chair that meeting.
- Non-executive Directors will meet without management present, as and when required.
- The Company's Constitution governs the regulation of Board meetings and proceedings.

5.2 The Chairman

- The Board will appoint one of its members to be Chairman.
- It is intended that the Chairman should be an independent Non-executive Director.
- The Chairman is responsible for facilitating the proper briefing of all Directors on all matters relevant to their role and responsibilities and facilitating effective and open discussion of these matters. The Chairman manages the Board's relationship with management and guides and promotes the ongoing effectiveness and development of the Board and individual Directors. The Chairman represents the Board to the shareholders and communicates the Board's position.

5.3 The Company Secretary

- The Board will appoint at least one Company Secretary, who is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.
- The Company Secretary advises the Board on governance matters, monitors compliance with Board policies and procedures, coordinates the timely completion and despatch of Board agendas and meeting materials, ensure that the business at Board meetings is accurately captured in the minutes, and provides administrative support to the Chairman and other Directors.
- All Directors have direct access to the Company Secretary.
- The Company Secretary must attend all Board meetings as recording secretary unless otherwise determined by the Board.

5.4 Agenda, meeting materials and minutes

- The Company Secretary will prepare an agenda for each Board meeting for review by the Chairman. Any Director may request an item of business to be included on the agenda provided the Chairman and the Company Secretary have been given prior notice.
- The agenda and meeting materials for each Board meeting will be issued to Directors and other attendees (as appropriate) within a reasonable timeframe prior to that meeting.
- Minutes of each Board meeting must be prepared by the Company Secretary and, after approval by the Chairman, be confirmed at the next Board meeting and signed by the Chairman. All Board minutes must be entered into a minute book maintained for that purpose and be open at all times for inspection by any Director.

6 Ethics and conflicts of interest

- Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behaviour. Directors must act in accordance with the Company's Code of Conduct and applicable policies and procedures.

- All Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interest.
- Directors must disclose any conflicts of interest and adhere to constraints on their participation in discussion or voting on matters in which they have a material personal interest in accordance with the Corporations Act and applicable laws.
- Where a Director discloses to the Board any actual or potential conflict of interest or a material personal interest, the following procedures are to apply:
 - a determination as to whether or not a conflict exists will be made, and if necessary this determination will be made by a sub-committee of the Board that excludes the potentially conflicted Director; and
 - an appropriate course of action will be set based on the determination made, and such action may require the conflicted or interested Director to not receive relevant Board papers and absent themselves when the Board discusses and votes on matters to which the conflict or interest relates.

7 Rights of access and advice

- The Board has authority to conduct or direct investigations into any matters required to fulfil its responsibilities.
- The Board has rights of unrestricted access to management and to auditors (external and internal) without management present, and rights to seek explanations and additional information from both management and auditors.
- The Board may seek the advice or services of the Company's auditors, solicitors or such other independent advisers, consultants or specialists as to any matter required to fulfil its responsibilities.
- Each Director individually has the right to seek independent professional advice at the Company's expense, subject to the approval of the Chairman. The Chairman must report the Director's request at the following Board meeting and a copy of that advice provided to the Board except where this would result in unreasonable prejudice to the Director seeking the advice.

8 Evaluating Performance

- The Board will undertake an annual assessment of its performance, including its performance against this Charter, the performance of its Committees and the performance of individual Directors. These assessments may be co-ordinated by the Nomination Committee, in which case the Board will receive reports from that Committee on the outcome of such assessments.
- Each Committee will also be required to undertake an assessment of its own performance and report to the Board on the outcome of such assessments.
- Where appropriate, external advisors may be engaged to facilitate performance assessments.

- Feedback will be collected by the Chairman, or an external advisor, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its Committees, or specific Directors.
- The MD & CEO will also provide feedback from senior management in connection with any issues that may be relevant in the context of the Board performance review.

9 Review

The Board will at least annually review this Charter to determine its adequacy for current circumstances and make any appropriate amendments.

Non-executive Director Independence Guidelines

Without limiting the Board's discretion, when assessing the independent status of a Non-executive Director, the Board will consider a range of factors, including whether the Director:

- is, or has been, employed in an executive capacity by the Company or another group member and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
- is, or has been within the last three years, in a material business relationship (eg as a supplier, professional adviser, consultant or customer) with the Company or other group member, or is an officer of, or otherwise associated with, someone with such a relationship;
- is, represents, or is or has been within the last three years, an officer or employee of, or professional adviser to, a substantial shareholder;
- has close personal ties with any person who falls within any of the categories described above; or
- has been a Director of the Company for such a period that his or her independence from management and substantial shareholders may have been compromised.

The Board will consider the materiality of Directors' interests, positions, associations or relationships for the purposes of determining 'independence' on a case by case basis, having regard to both quantitative and qualitative principles.