

Tabcorp

CORPORATE GOVERNANCE STATEMENT 2017

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1. INTRODUCTION

1.1 ABOUT THIS CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is accurate and up to date as at 4 August 2017 and has been approved by the Board.

This Corporate Governance Statement outlines the main corporate governance practices and policies in place during the financial year commencing 1 July 2016 and at the date of this statement relating to the consolidated entity comprising Tabcorp Holdings Limited (the Company or Tabcorp) and its subsidiaries (the Group).

References to where further information can be found are indicated by the symbols **W** for websites and **D** for other documents, such as Tabcorp's Annual Report.

W This Corporate Governance Statement, key policies and governance documents are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

W Tabcorp's Annual Report 2017 is available from Tabcorp's website at www.tabcorp.com.au/investors/annual-reports.

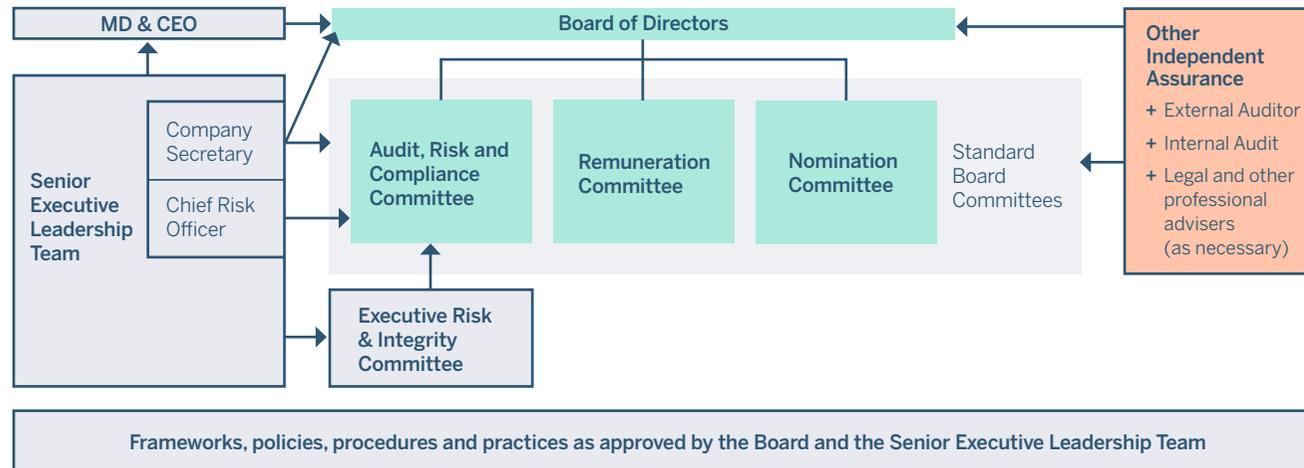
1.2 TABCORP'S APPROACH TO CORPORATE GOVERNANCE

Tabcorp's Board of Directors and management strongly support the principles of good corporate governance, and are committed to building on the Group's strong reputation for integrity. The governance arrangements adopted by the Group are reflective of a high performing well governed organisation, and support:

Tabcorp's vision is to be the world's most respected gambling-led entertainment company.

These arrangements enable the Board and management to make well informed decisions, provide appropriate accountability and transparency, and establish proper culture and behaviours. For Tabcorp, it is also important to maintain leading governance practices given the highly regulated industry in which the Group operates, and is essential for increasing our opportunities to win and retain gambling licences, and for the long term sustainability of our businesses.

Tabcorp's corporate governance framework as at the date of this statement is summarised in the diagram below.



In developing the appropriate corporate governance practices, the Group takes into account all applicable legislation and recognised standards, which include, but are not limited to:

- + the Corporations Act 2001 (Cth) (Corporations Act);
- + the Australian Securities Exchange (ASX) Listing Rules;
- + the ASX Corporate Governance Principles and Recommendations as referred to in section 1.3 below;
- + Legislation governing the licences issued to the Group to conduct gambling and related activities; and
- + Australian Standard AS 8000 – Good Governance Principles.

1.3 ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The Group has adopted the Corporate Governance Principles and Recommendations, 3rd Edition published by the ASX Corporate Governance Council. The Group complied with these principles and recommendations from the start of the 2017 financial year as described in this Corporate Governance Statement and has processes in place to maintain ongoing compliance. Refer to the Appendix 4G lodged by Tabcorp with the ASX which sets out compliance with the Principles and Recommendations and specifies locations (website addresses and documents) where relevant corporate governance disclosures can be found.

W The Appendix 4G is available from Tabcorp's website at www.tabcorp.com.au/investors/annual-reports.

1.4 CHANGES TO TABCORP'S GOVERNANCE ARRANGEMENTS

Since the start of the 2017 financial year, the key changes to the Group's corporate governance practices were:

- + The inclusion of Bruce Akhurst and Vickki McFadden as additional independent Non Executive Directors. They commenced as Directors on 18 July 2017 after being observers since 1 September 2016, during which time they underwent probity assessment to receive the necessary regulatory and ministerial approvals;
- + Ongoing enhancement of the Risk Management Framework (refer section 4.1);
- + The establishment of an Executive Risk and Integrity Committee (refer section 4.2); and
- + The development of a new corporate responsibility framework and strategy (refer section 5.18).

The Group's corporate governance practices are reviewed regularly and will continue to be developed and refined to meet the evolving needs of the Group taking into account leading practice.

Should the proposed combination of Tabcorp and Tatts Group Limited proceed, then these governance arrangements and related policies and practices will be reviewed to align with those that are required for the combined Group and befitting a larger organisation with a greater diversity of operations. It is proposed that Harry Boon, the current Chairman of Tatts Group Limited, will become a Non Executive Director of Tabcorp upon the implementation of the merger and the receipt of all the necessary regulatory and ministerial approvals relevant for his appointment.

2. BOARD AND MANAGEMENT COMPOSITION, ROLES AND RESPONSIBILITIES

2.1 COMPOSITION OF THE BOARD

At the date of this statement, the Tabcorp Board consisted of eight Non Executive Directors, including the Chairman, and the Managing Director and Chief Executive Officer. Tabcorp's Constitution requires that the number of Directors (not including alternate Directors) shall not exceed twelve, nor be less than three. A Director, other than any Managing Director, may not hold office for a continuous period in excess of three years or past the third Annual General Meeting (AGM) following the Director's last election or re-election to the Board, whichever is the longer, without submitting for re-election.

Directors were last elected or re-elected at the Company's AGMs as follows:

Name	Last election or re-election
Paula Dwyer	2016 AGM
David Attenborough	MD&CEO is not required to stand for re-election
Bruce Akhurst	Will seek election at the 2017 AGM
Elmer Funke Kupper ⁽ⁱ⁾	2015 AGM
Steven Gregg	2015 AGM
Jane Hemstritch	2014 AGM
Vickki McFadden	Will seek election at the 2017 AGM
Justin Milne	2016 AGM
Zygmunt Switkowski	2014 AGM

(i) Commenced a leave of absence from the Board of Directors on 21 March 2016.

The Board has the power to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board, subject to receiving all necessary regulatory and certain ministerial approvals, but that person must stand for election at the following AGM. Bruce Akhurst and Vickki McFadden commenced as Non Executive Directors on 18 July 2017 and will seek election at the 2017 AGM.

Effective 21 March 2016, Mr Elmer Funke Kupper was granted a leave of absence from the Board of Directors until the completion of the investigation by the Australian Federal Police into Tabcorp's activities in relation to a business opportunity in Cambodia in 2010.

The appointment and removal of the Managing Director and Chief Executive Officer is a matter for the Board as a whole, in association with the recommendations of the Nomination Committee.

As set out in section 3.4, the Nomination Committee assists the Board with the recruitment of new Directors, election or re-election of Directors, membership of each Board Committee and Board succession. In carrying out these responsibilities, the Board considers the knowledge, skills, experience, competencies, diversity, qualifications, behaviours, specific areas of expertise and personal characteristics that are desirable for Directors of Tabcorp.

The Board seeks to achieve an appropriate balance of these attributes among the Board members, and to ensure all attributes are well represented. Refer to section 2.2 for the matrix of Board skills and experience. The Board includes in the notice of AGM and explanatory memorandum all material information in its possession relevant to a decision regarding the election or re-election of a Director.

Appropriate recruitment processes, enquiries, reference checks, checks of bankruptcy and criminal records, and validation of educational records are carried out to satisfy the Board that the person is of sound character and has the relevant attributes desired by the Board to be a Director of Tabcorp. Prospective new Directors are also required to submit extensive personal information as part of probity investigations and clearances required by applicable gambling regulators and certain government ministers prior to appointment as a Director. Such information includes in relation to any convictions, bankruptcies, business activities, employment, education, qualifications, sources of income, taxes paid and financial position.

W Details of the Directors, their qualifications and experience are included in the Annual Report 2017 on pages 30 and 31.

W Tabcorp's Constitution is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

W The terms of reference for each of the Board Committees are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

2.2 SKILLS AND EXPERIENCE OF DIRECTORS

The Board recognises that for it to operate effectively it should have Directors with a diverse range of appropriate skills and experience which could be brought to bear to add value to Board processes and decisions.

The Board has adopted the matrix below which sets out the relevant skills and experience which the Board currently has and is looking to achieve in its membership. The Board conducted a self-evaluation to determine the extent to which these skills and experiences are currently present among its membership, and reaffirmed the outcome during the financial year. The numbers adjacent to each criteria indicate there is generally a high prevalence among the current Board membership, with all nine Directors exhibiting the skills/experiences relevant to seven criteria. The Board believes it currently has an appropriate mix of these skills and experiences amongst its Directors to enable the Board to operate effectively.

In respect of gender diversity, three of the nine members of the Board are female, including the Chairman.

Leadership	9
Sustained success at CEO or senior executive level in a major business.	
Strategy and development	9
Experience in executing or overseeing strategy implementation and developing new businesses, including start-ups, mergers, acquisitions, and divestments.	
Financial acumen	8
Qualifications and experience in accounting and/or finance, including the ability to assess the quality of financial controls, analyse financial statements, assess financial performance, and oversee capital management and funding arrangements.	
Governance, risk and compliance	9
Knowledge and experience in best practice governance structures, policies and processes, including establishing risk and compliance frameworks, identifying and monitoring key risks.	
Information technology	9
Knowledge and experience in the use and governance of critical information technology infrastructure and applications.	
Digital innovation	7
Experience in leveraging digital technology to drive competitive strategies, innovation, revenue growth and business performance.	
Retailing and marketing	7
Experience at a significant retail business, including multi-channel distribution, development of winning products, customer service and management strategies, and marketing to retail and online consumers.	

People	9
Experience with managing people and teams, including the ability to appoint and evaluate CEO and senior executive level managers, oversee strategic human resource management, talent development, engagement and organisational change.	
Remuneration	9
Experience in a Board Remuneration Committee or at a senior executive level in relation to overseeing remuneration practices, including incentive plans, superannuation, and legislative frameworks.	
Sustainability/corporate social responsibility	7
Experience related to workplace health and safety, environmental and social responsibility, and community.	
Public policy	8
Experience in public and regulatory policy, including established relationships with industry groups and government in NSW, Victoria, QLD, NT or nationally.	
Industry experience	6
Experience at a domestic or international gambling business, or related racing, sport, or entertainment business.	
International experience	9
Experience in international market, exposed to a range of political, cultural, regulatory and business environments.	

☐ The names and details of the experience, qualifications, special responsibilities (including Committee memberships), and term of office of each Director of the Company can be found in the Annual Report 2017 on pages 30 to 31.

2.3 RESPONSIBILITIES AND FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board has agreed the responsibilities and functions of the Board as a whole, and those of Directors, the Chairman and the Managing Director and Chief Executive Officer.

The Board's role includes:

- + Reviewing and approving the strategies, budgets and business plans prepared by management;
- + Overseeing performance against targets and objectives;
- + Assuring itself of the effectiveness of arrangements for the governance of the Group including:
 - + The quality of the executive team;
 - + The appropriateness of organisational arrangements and structure;
 - + The adequacy of internal controls, policies, procedures and processes; and
- + Overseeing reporting to shareholders and other stakeholders on the strategic direction, governance and performance of the Group.

To assist the Board with carrying out its responsibilities and functions, certain powers have been delegated to management, including the authority to undertake transactions and incur expenditure on behalf of the Group up to specified thresholds. These are referred to in Tabcorp's Delegated Authorities and Approval Limits ('DAAL') Group Policy, which has been agreed by the Board and management. The policy includes the financial and non-financial matters that the Board has delegated to management, the capital and operational expenditure approval limits applicable to each level of management, and specific key responsibilities within each business unit.

Management provides relevant information to the Board in a concise and timely manner to enable the Board to make informed decisions and effectively discharge their duties. The Board regularly monitors the flow of information it receives from management, and Directors may request additional information where necessary.

W The roles and responsibilities of the Board and management are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

2.4 DIRECTOR INDEPENDENCE

Directors are required to be meticulous in their disclosure of any material contract or relationship, including relevant interests of family companies and spouses and involvement with other companies or professional firms. Directors are required to adhere strictly to the constraints on their participation and voting in relation to matters in which they may have an interest, in accordance with the Corporations Act and policies of the Group.

A register of Directors' material interests is maintained and is regularly sent to every Director. Where Directors are involved with other organisations or professional firms, which from time to time have dealings with the Group, all such dealings are at arms length and on normal commercial terms.

The Board periodically assesses the independence of each Director. For this purpose, an independent Director is a Non Executive Director whom the Board considers to be independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment.

The Board has assessed the independence of Tabcorp's Directors as follows:

Name	Independence assessment
Paula Dwyer	Independent
David Attenborough	Not independent, because he is Tabcorp's Managing Director and Chief Executive Officer
Bruce Akhurst	Independent
Elmer Funke Kupper ⁽ⁱ⁾	Independent
Steven Gregg	Independent
Jane Hemstritch	Independent
Vickki McFadden	Independent
Justin Milne	Independent
Zygmunt Switkowski	Independent

(i) Commenced a leave of absence from the Board of Directors on 21 March 2016.

The Board has determined that all of the Non Executive Directors of Tabcorp throughout the financial year and at the date of this statement are independent Directors.

In reaching its determination on independence, the Board has taken into account the following criteria (in addition to the matters set out above):

- + The specific disclosures made by each Director as referred to above.
- + Whether a Director is, or is associated directly with, a substantial shareholder of Tabcorp.
- + Whether a Director has been employed in the last three years in any other capacity by Tabcorp or any of its subsidiaries.
- + Whether a Director personally carries on any role for the Group other than as a Director of Tabcorp.
- + Whether there are any related party dealings referable to a Director which are material and require disclosure under accounting standards.
- + Whether any Director is, or is associated with, a supplier, professional adviser, consultant to or customer of the Group which is material, given that any payments by Tabcorp to any such associate were less than 2% of annual consolidated revenue for both Tabcorp and the respective associate, and that any remuneration received by a Director from any such associate was not impacted in any way by the Tabcorp payments.
- + Whether a Director has been a Director of the Company for such a period that his or her independence may have been compromised.

Each Director has served as a Director of Tabcorp for the following periods:

Name	Length of service
Paula Dwyer ⁽ⁱ⁾	Chairman for six years, from June 2011. Prior to demerger was a Director for six years, from August 2005.
David Attenborough	Six years, from June 2011.
Bruce Akhurst ⁽ⁱⁱ⁾	Less than one year, from July 2017.
Elmer Funke Kupper ⁽ⁱⁱⁱ⁾	Five years, from June 2012. Prior to demerger was Managing Director and Chief Executive Officer for four years, from September 2007.
Steven Gregg	Five years, from July 2012.
Jane Hemstritch ⁽ⁱ⁾	Six years, from June 2011. Prior to demerger was a Director for three years, from November 2008.
Justin Milne	Six years, from August 2011.
Vicki McFadden ⁽ⁱⁱ⁾	Less than one year, from July 2017.
Zygmunt Switkowski ⁽ⁱ⁾	Six years, from June 2011. Prior to demerger was a Director for five years, from October 2006.

(i) The Company's view is that the clock was reset in respect of Directors' tenure when the demerger of the Group's former casinos business occurred in June 2011, which resulted in Tabcorp being a substantially different company.

(ii) Commenced as a Director on 18 July 2017 after being an observer since 1 September 2016.

(iii) Commenced a leave of absence from the Board of Directors on 21 March 2016.

Notwithstanding the Company's view that Director tenure was reset at the time of the demerger, after due consideration the Board considers that Paula Dwyer's independence and Zygmunt Switkowski's independence are not affected by them having served more than 10 years on the Board. The Board does not consider that this length of service affects their ability to act in the best interests of the Group.

Tabcorp maintains a balanced Board with a good mix of longer serving Directors and more recent appointments.

The Board also has procedures in place to ensure it operates independently of management. For example, at every Board meeting, the Non Executive Directors meet together in the absence of executive Directors and other executives of the Group. Where appropriate, executives are also excluded from certain Board discussions that relate to specific issues, such as executive remuneration and performance, and whistleblower matters.

U Details of offices held by Directors with other organisations are set out in the Annual Report 2017 on pages 30 and 31.

W Details about the Directors' skills, experience and special responsibilities are available from the Board of Directors section of Tabcorp's website at www.tabcorp.com.au/who-we-are/our-leaders.

2.5 OTHER DIRECTORSHIPS

Directors are required continually to evaluate the number of Boards on which they serve to ensure that they can give the time and attention required to fulfil their duties and responsibilities. Directors are required to seek approval from the Chairman prior to accepting an invitation to become a Director of any corporation, and in the case of the Chairman seek approval from the Chairman of the Audit, Risk and Compliance Committee.

The Board has adopted a policy that Non Executive Directors are permitted to hold a maximum number of four directorships of ASX listed companies, other than Tabcorp, with a chairmanship equivalent to two directorships, subject to the discretion of the Chairman (or in the case of the Chairman, the Chairman of the Audit, Risk and Compliance Committee).

U Details of the directorships for each Director are available in the Annual Report 2017 on pages 30 and 31.

2.6 BOARD AND COMMITTEE MEETINGS

The Board and its Committees meet regularly to discuss matters relevant to the Group. Additional meetings may be scheduled to address specific matters.

Any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter, unless all other Directors present resolve otherwise.

The Company Secretary is responsible for coordinating and distributing materials for Board meetings, Board Committee meetings and shareholder meetings. The Company Secretary is also responsible for Board governance matters, monitoring Board policies and procedures, and minutes of meetings. In relation to these matters, the Company Secretary is accountable directly to the Board, through the Chairman and Committee Chairmen on all matters to do with the proper functioning of the Board. The appointment and removal of the Company Secretary is a matter for discussion by the Board as a whole, and all Directors have access to the Company Secretary.

Directors are required to attend all Board meetings, shareholder meetings and Board Committee meetings for which they are members, subject to any unusual or unforeseen circumstances which may prevent them from attending.

U The number of Board and Committee meetings and the attendance of each Director at these meetings are set out in the Annual Report 2017 on page 44.

3. BOARD COMMITTEES

3.1 COMMITTEES OF THE BOARD

Tabcorp has established Committees of the Board to enable the Directors to involve themselves with the critical areas of the Group's activities.

The standard Board Committees during the 2017 financial year and as at the date of this statement were:

- + Audit, Risk and Compliance (see section 3.2);
- + Remuneration (see section 3.3); and
- + Nomination (see section 3.4).

Board Committee membership is restricted to Non Executive Directors only.

All Non Executive Directors are members of the Audit, Risk and Compliance Committee and the Nomination Committee, in addition to membership of other Board Committees as appointed. The Board considers that all Non Executive Directors should be members of the Audit, Risk and Compliance Committee due to the substantial amount of risk and compliance matters which stem from operating in the highly regulated gambling industry. Given the relatively small size of the Tabcorp Board, and the small number of meetings of the Nomination Committee, the Board considers it is efficient to have all Non Executive Directors as members of the Nomination Committee. In respect of the Remuneration Committee, the Board recognises that it is efficient to have a smaller number of Non Executive Directors who command specialist expertise and experience to focus on and deliberate remuneration matters before recommendations are provided to the Board for decision. Tabcorp's Board Committee arrangements reflect similar board committee structures in other large Australian companies.

Each Board Committee has terms of reference which set out the roles, responsibilities, composition and processes of each Committee. These terms of reference are reviewed regularly.

W The terms of reference for Tabcorp Board Committees are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

3.2 AUDIT, RISK AND COMPLIANCE COMMITTEE

The Audit, Risk and Compliance Committee provides additional assurance and oversight relating to financial accounting practices, financial and operational risk management, compliance management, internal control systems, external reporting and the internal and external audit functions. The key responsibilities of the Audit, Risk and Compliance Committee are as follows:

Audit:

- + Oversee compliance with statutory responsibilities relating to financial disclosure, and approval of full year and half year financial statements;
- + Review the activities of the internal audit function and the external auditor (Ernst & Young) and review their performance on an annual basis;
- + Review the adequacy of the Group's internal controls;
- + Monitor related party transactions and potential conflicts of interest; and
- + Review the process for management assurance to the Board (refer to section 4.5 for more information).

Risk and Compliance:

- + Reviewing and approving the Group's risk and compliance policies and frameworks;
- + Assessing the appropriateness of risk and compliance management systems, related control processes, and reporting systems;
- + Monitoring the effectiveness of systems and processes in place to ensure compliance requirements are being satisfied and performing adequately;
- + Evaluating the effectiveness of the Group's systems and controls to monitor and manage risks that are significant to the fulfilment of the Group's business objectives; and
- + Ensuring that sufficient resources are dedicated to managing risk and compliance.

The Chairman of the Audit, Risk and Compliance Committee meets regularly with the external auditor in the absence of management. The Chairman of the Audit, Risk and Compliance Committee also meets on a regular basis with Tabcorp's Chief Risk Officer and separately with Tabcorp's General Manager Internal Audit.

The annual internal audit plan and the scope of work to be performed are set in consultation with the Audit, Risk and Compliance Committee. The Committee approves the annual internal audit plan and reviews progress and reports made pursuant to that plan.

The Audit, Risk and Compliance Committee is committed to maintaining auditor independence and limiting the engagement of the external auditor for only audit related services, unless exceptional circumstances necessitate the involvement of the external auditor. The Chairman of the Audit, Risk and Compliance Committee must approve all non-audit related work to be undertaken by the external auditor (if any). Tabcorp will maintain the rotation of the lead external audit partner every five years or less, as required by the Corporations Act. The external auditor attends Tabcorp's AGM and is available to answer shareholder questions regarding aspects of the external audit and their report.

Refer to section 4 for risk management and controls.

The Committee is comprised of at least three members, all of whom are Non Executive Directors and are independent, including the Committee Chairman (who is not the Chairman of the Board).

Composition of the Audit, Risk and Compliance Committee

Chairman:	Jane Hemstritch
Other Members:	Paula Dwyer
	Bruce Akhurst ⁽ⁱ⁾
	Elmer Funke Kupper ⁽ⁱⁱ⁾
	Steven Gregg
	Vickki McFadden ⁽ⁱ⁾
	Justin Milne
	Zygmunt Switkowski

(i) Commenced as a Committee Member on 18 July 2017 following formal appointment as a Director.

(ii) Commenced a leave of absence from the Board of Directors on 21 March 2016.

- M** The attendance of Directors at Board and Committee meetings is disclosed in the Directors' Report on page 44 of the Annual Report 2017.
- M** The details of relevant Director qualifications and experience are included in the Annual Report 2017 on pages 30 and 31.
- W** The terms of reference for the Audit, Risk and Compliance Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

3.3 REMUNERATION COMMITTEE

The Remuneration Committee has responsibility for, among other things:

- + Reviewing and making recommendations to the Board on remuneration packages and policies applicable to the Chairman, Directors, and the Managing Director and Chief Executive Officer;
- + Reviewing and approving remuneration policies and packages applicable to senior executives reporting to the Managing Director and Chief Executive Officer;
- + Reviewing and making recommendations to the Board on the Group's general remuneration practices and policies, including terms and conditions of any employee share ownership and rights schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements;
- + Reviewing and approving participation of executives in incentive plans, including rights and share plans;
- + Reviewing and approving the Group's remuneration arrangements with respect to gender; and
- + Overseeing the preparation of the annual Remuneration Report.

The Committee is comprised of at least three members, all of whom are Non Executive Directors and are independent, including the Committee Chairman (who is not the Chairman of the Board).

Composition of the Remuneration Committee

Chairman:	Zygmunt Switkowski
Other Members:	Paula Dwyer
	Steven Gregg

- U** Details relating to the remuneration of the Company's key management personnel, including the Company's policies and practices regarding the remuneration of Non Executive Directors, executive Directors and other senior executives, are set out in the Remuneration Report on pages 47 to 80 of the Annual Report 2017.
- U** The attendance of Directors at Board and Committee meetings is disclosed in the Directors' Report on page 44 of the Annual Report 2017.
- W** The terms of reference for the Remuneration Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

3.4 NOMINATION COMMITTEE

The main responsibilities of the Nomination Committee are to:

- + Manage a process to identify suitable candidates for appointment to the Board and Board Committees;
- + Make recommendations regarding succession planning for the Board (refer to section 5.14 for further information);
- + Make recommendations on candidates it considers appropriate for appointment to the Board and Board Committees, including whether the Board should support the election or re-election of any Director required to retire at a general meeting;
- + Annually review the skills, experience, expertise, diversity and attributes required of Directors to discharge the Board's duties and the extent to which they are represented in the composition of the Board and each Board Committee (refer to section 2.2 for more information);
- + Consider periodically whether to use an external facilitator to conduct a review of the performance of the Board, Board Committees and Directors (refer to section 5.13 for further information); and
- + Ensure that an effective Board induction process is in place (refer to section 5.15 for more information).

The Committee is comprised of at least three members, all of whom are Non Executive Directors and are independent, including the Committee Chairman.

Composition of the Nomination Committee

Chairman:	Paula Dwyer
Other Members:	Bruce Akhurst ⁽ⁱ⁾
	Elmer Funke Kupper ⁽ⁱⁱ⁾
	Steven Gregg
	Jane Hemstritch
	Vicki McFadden ⁽ⁱ⁾
	Justin Milne
	Zygmunt Switkowski

(i) Commenced as a Committee Member on 18 July 2017 following formal appointment as a Director.

(ii) Commenced a leave of absence from the Board of Directors on 21 March 2016.

M The attendance of Directors at Board and Committee meetings is disclosed in the Directors' Report on page 44 of the Annual Report 2017.

W The terms of reference for the Nomination Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

4. RISK MANAGEMENT AND CONTROLS

4.1 RISK MANAGEMENT FRAMEWORK

Tabcorp's Risk Management Framework explains our approach to managing risk across the Group. It sets out the main risk categories that matter to the Group, key policies including a Compliance Management Policy, and tools and procedures in place that enable the management of risk and compliance.

The Chief Risk Officer team annually reviews the Risk Management Framework and Compliance Management Policy for ongoing applicability. Any material exceptions are reported to the Executive Risk and Integrity Committee and to the Board Audit, Risk and Compliance Committee.



4.2 GOVERNANCE AND OVERSIGHT OF RISK

The Board Audit, Risk and Compliance Committee has overall accountability and oversight of risk management and compliance at Tabcorp. The responsibilities, functions and composition of this Committee are set out in section 3.2.

An Executive Risk and Integrity Committee was established during the year which comprises all members of the Senior Executive Leadership Team. This Committee provides senior executive oversight of, and focus on, the Group's risk management framework, compliance and integrity activities. This oversight enables the Senior Executive Leadership Team to:

- + Collectively and efficiently implement and manage risk and integrity frameworks, policies and tools;
- + Provide timely oversight and input into key risk, compliance and integrity issues;
- + Regularly receive and review reports relating to risk and compliance, and maintain an efficient and structured reporting cycle to the Board and the Board Audit, Risk and Compliance Committee; and
- + Maintain a strong risk culture across the Group.

The Chief Risk Officer function leads the Group's overall risk, financial crime/anti-money laundering and compliance activities, including responsible gambling. The day-to-day management of risk is undertaken by the business units in accordance with the Risk Management Framework and policies, and using the tools established for monitoring compliance and managing risk. The Chief Risk Officer team engages with business units to ensure a consistent approach is applied across the Group, and regularly reports to the Executive Risk and Integrity Committee and to the Board Audit, Risk and Compliance Committee.

4.3 RECOGNITION AND MANAGEMENT OF RISK

The Group's Risk Management Framework, policies and procedures set out the roles, responsibilities and guidelines for managing financial and operational risks associated with the Group's businesses.

During the 2017 financial year Tabcorp's management updated and monitored the risk profiles for each of the Group's operating businesses and major projects. These profiles identify the:

- + Nature and likelihood of occurrence for specific material risks;
- + Key controls that are in place to mitigate and manage the risk;
- + Sources and levels of assurance provided on the effective operation of key controls; and
- + Responsibilities for managing these risks.

The risk profiles for each key operating business, which form the basis of the Risk Management Framework, are regularly reported to the Board Audit, Risk and Compliance Committee and are considered as part of the annual internal audit planning process. These were reviewed by the Board Audit, Risk and Compliance Committee during the 2017 financial year.

The design, operation and assessment of the effectiveness of controls relating to material risks is assessed primarily through declarations by senior executives who are responsible for the operation of those controls, together with assurance activities undertaken by Tabcorp's internal audit team, external auditor, and other assurance providers, where applicable.

The Group's Risk Management Framework is based on concepts and principles identified in the Australian/New Zealand Standard on Risk Management (AS/NZS ISO 31000:2009).

The Group's Risk Management Framework, policies and procedures will continue to be enhanced as the Group's existing operations develop and its range of activities expands. The implementation of the Group's Risk Management Framework and these policies and procedures are monitored and reviewed at least annually by the Board Audit, Risk and Compliance Committee to satisfy itself that the framework, policies and procedures continue to be sound. Such a review was conducted during the 2017 financial year and it was found that the risk management systems were operating effectively.

- U** The key operating and financial risks and uncertainties for the Group, including any material exposure and management systems relating to economic, environmental and social sustainability risk, are disclosed in the Directors' Report on pages 37 to 41 of the Annual Report 2017.
- W** The terms of reference for the Audit, Risk and Compliance Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

4.4 INTERNAL CONTROL FRAMEWORK

The Group's strategic plan (see section 5.17) and a detailed budget are prepared annually and subject to the approval of the Board. Forecasts for the Group and each of the operating business units are regularly updated and reported to the Board throughout the year to enable Directors to monitor performance against the annual budget.

The Group has detailed procedural guidelines for the approval of capital expenditure including annual budgeting, review and approval of individual proposals and specific levels of authority between the Board, the Managing Director and Chief Executive Officer and other levels of management.

Processes for the investment of surplus cash, management of debt and currency, and interest rate risk management have been approved by the Board and are the subject of ongoing reporting to the Board. Tabcorp enters into interest rate swaps and cross currency swaps to hedge interest rate and foreign exchange risk on debt. The Group Treasury department is responsible for managing the Group's finance facilities and interest rate, credit, liquidity and currency risks in line with policies set by the Board.

The Group's internal control structure is reviewed and approved by the Board Audit, Risk and Compliance Committee. This includes the roles performed by the Group's internal audit, risk management and compliance functions.

The role of the Group's internal audit function is to provide the Board and management with independent and objective assurance on the effectiveness of the Group's governance, risk management and internal control processes. The function is resourced by Tabcorp employees and supplemented by relevant industry experts, and is independent of the external auditor. Internal audit reports are regularly submitted to the Chairman of the Audit, Risk and Compliance Committee, Chief Financial Officer, the Audit, Risk and Compliance Committee and, where appropriate, to the Board. The Audit, Risk and Compliance Committee approves the internal audit plan annually. Tabcorp's General Manager Internal Audit reports to the Chief Financial Officer, and is accountable to the Chairman of the Audit, Risk and Compliance Committee regarding the Group's internal audit function.

The Tabcorp Compliance Management Policy was developed to align with:

- + AS/ISO 19600: 2015 – Compliance Management Systems;
- + Applicable legislation;
- + The Corporate Governance Principles and Recommendations published by the ASX;
- + The Group's organisational structure and strategy; and
- + The Group's Risk Management Framework.

The Group utilises an enterprise wide compliance system, which provides a consistent and uniform approach to collating and reporting relevant information from across all business units. The system monitors whether practices and processes designed to ensure compliance have been operating effectively, increases the visibility of potential issues, and assists the processes for resolving issues.

4.5 MANAGEMENT ASSURANCE

At the Board meetings to approve the Group's annual and half yearly results, the Board received and considered statements in writing from the Managing Director and Chief Executive Officer and the Chief Financial Officer in relation to their opinion of the Group's system of risk oversight and management and internal control.

The declaration stated that in their opinion the financial records have been properly maintained, and that the financial statements complied with the appropriate accounting standards and that they gave a true and fair view of the financial position and performance of Tabcorp and of the Group and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The analysis of the risk management system is based on the AS/NZS ISO 31000:2009 – Risk Management standard adopted by the Group. The declaration also included statements that all information had been made available to the external auditor, and that there were no irregularities or significant issues identified that would have a material impact on the Group.

5. KEY GOVERNANCE POLICIES AND PRACTICES

5.1 CODE OF CONDUCT

The Group has a Code of Conduct titled “Do the Right Thing” which applies Group-wide. It is founded upon Tabcorp’s Ways of Working and sets out the standards of behaviour that are expected of all Group employees, Directors and contractors.



The Code of Conduct gives guidance in areas where employees may need to make personal and ethical decisions, and goes beyond compliance with laws, regulations and basic standards of personal conduct. Through the consistent application of the Code of Conduct, we can ensure that Tabcorp continues to offer a first-class entertainment experience for our customers, supports community, creates value for our shareholders and is a great place to work.

The Code includes, among other things, references to specific Group policies regarding corruption, bribery, discrimination, bullying and harassment, equal opportunity, diversity, insider trading, whistleblowing, conflicts of interest, social media and restrictions on the use of the Group’s gambling products.

In addition to adhering to the high ethical standards set by the Code of Conduct, Tabcorp’s Directors and key personnel are also required to undergo extensive probity investigation and clearance by applicable gambling regulators and certain ministers in Australia and overseas.

W Tabcorp’s Code of Conduct is available from the Corporate Governance section of Tabcorp’s website at www.tabcorp.com.au/who-we-are/corporate-governance.

5.2 TABCORP INTEGRITY PROTECTION SERVICE (TIPS)

TIPS is an independent, anonymous crime and misconduct reporting service delivered by Deloitte, an international consulting and forensic investigations specialist. It is one of Tabcorp's processes to prevent, detect, and respond to crime and misconduct. It was introduced to achieve Australian and international best practice, reflecting Tabcorp's commitment to integrity and befitting the responsibilities of a publicly listed company.

TIPS is available 24 hours a day, 7 days a week to Tabcorp's people and stakeholders in Australia and overseas.

The program is overseen by the Company Secretary and has accountability at the highest levels with the Chairman of the Board Audit, Risk and Compliance Committee able to access reports relating to all employees and review the action taken. TIPS matters are regularly reported to the Board Audit, Risk and Compliance Committee.

W Further information on TIPS is available from its website at www.tips.deloitte.com.au.

W TIPS is also accessible from Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

5.3 ANTI-BRIBERY AND CORRUPTION

Tabcorp has an Anti-Bribery and Corruption Policy which prohibits all forms of bribery, facilitation payments, paying or receiving secret commissions and fraud. It also sets the standards required of employees and contractors when dealing with third parties, and the offering and acceptance of gifts and hospitality. All employees and contractors are required to use the Gifts and Hospitality Register to register any gift or hospitality valued at \$200 or more per person (excluding attendance at a corporate marquee during the spring and autumn racing carnivals).

W Tabcorp's Anti-Bribery and Corruption Policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

5.4 RESPONSIBLE GAMBLING

The Group has been acknowledged as having a leadership position in the responsible delivery of its gambling products and support for customers.

The Group has individual Responsible Gambling Codes of Conduct for each of its businesses. This enables the Group to maintain compliance with the specific requirements in each state or territory, while being responsive to the individual circumstances of each of its TAB, Luxbet and Keno businesses. The Group will continue to work to improve the systems and processes that support its responsible gambling practices and its codes to strengthen its commitment to customer care.

The Group has an Employee Gambling Policy which is a key component of Tabcorp's commitment to delivering gambling products responsibly. Directors, employees and contractors may not gamble whilst on duty, whether on Tabcorp's gambling products or those of another operator. Limited exemptions apply, which require written authorisation. Gambling off duty is subject to specific restrictions which apply to Directors, executives and direct reports to executives, and other groups according to the nature of their work. The policy also prohibits employees from accessing any betting accounts while on duty, and employees are required to disclose details of any Tabcorp betting accounts.

U Further details about the Group's commitment to responsible gambling are available on page 28 of the Annual Report 2017, and on Tabcorp's website.

W Tabcorp's Responsible Gambling Codes are available from the Responsible Gambling section of Tabcorp's website at www.tabcorp.com.au/sustainability/responsible-gambling.

5.5 ANTI-MONEY LAUNDERING/COUNTER TERRORISM FINANCING AND SPORTS INTEGRITY

The Group's anti-money laundering and counter-terrorism financing (AML/CTF) program applies to its Wagering and Gaming Services businesses. Tabcorp has been engaged in a long-term project of enhancing its AML/CTF program and associated systems, processes and controls. As a consequence of that project, Tabcorp adopted a new joint AML/CTF program in December 2015, which has since been further updated. The program and systems are supported by ongoing training and communications to enable employees to understand and keep up to date with the obligations under Tabcorp's AML/CTF program and relevant legislation. The Tabcorp Board receives updates relating to AML/CTF risk and Tabcorp's response to these risks. Tabcorp remains committed to achieving the highest levels of regulatory compliance, and remains focused on ensuring that its AML/CTF compliance system is best-in-class.

In addition, the Group has integrity agreements in place with all major sports bodies and racing industries across Australia. The agreements allow for the sharing of information between the Group and sports/racing industry bodies to promote high levels of integrity among sports and racing. The Group also has integrity agreements with local and federal law enforcement bodies, national intelligence organisations, state and federal crime commissions, corrective services and other government and regulatory bodies.

5.6 POLITICAL DONATIONS POLICY

As a major listed entity operating in a highly regulated environment, Tabcorp has an obligation to its shareholders and stakeholders to participate in the process of public policy development at Commonwealth and state/territory level.

Tabcorp takes a strict principles based approach when making donations to political parties. These principles are:

- + Strict compliance with all laws in Australia and overseas;
- + An honest and transparent approach at all times;
- + No direct cash donations are to be made to any political party or affiliate;
- + All donations must have a public policy focus with the aim of creating value for customers, partners, the community and shareholders and, where possible, demonstrate to political stakeholders Tabcorp's strong links to the racing industry; and
- + A bi-partisan approach must be taken as much as is practicable.

The Board has oversight of this policy and approves Tabcorp's political donations program each year. Tabcorp discloses its political donations to the Australian Electoral Commission and other bodies, as required by law.

W Tabcorp's contributions to political parties are publicly available from the Australian Electoral Commission website at www.aec.gov.au.

5.7 DIVERSITY

Tabcorp has a Diversity Policy in relation to diversity of the Board and senior management within the Group. The Board Nomination Committee is responsible for overseeing the policy, monitoring Tabcorp's diversity strategy and reviewing progress against measurable objectives established to achieve Tabcorp's diversity goals.

The Board and senior management have set an objective to have at least 40% female representation in senior management roles by 2018, which comprise the Senior Executive Leadership Team (Chief Executive Officer and direct reports) and the Senior Management Team (direct reports to the Senior Executive Leadership Team and their direct reports, as determined by meeting a minimum role size) (the Senior Leadership Cohort).

As at 30 June 2017, the proportion of women employees across the Group was:

- + 33% of the Non Executive Directors;
- + 36% of the Senior Executive Leadership Team;
- + 39% of the Senior Leadership Cohort; and
- + 45% of the entire Group.

W Tabcorp's Diversity Policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

W Tabcorp's annual report under the Workplace Gender Equality Act is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

Diversity target	
At least 40%	
female senior managers by	2018

5.8 SECURITIES TRADING POLICY

Tabcorp has a policy regarding trading in Tabcorp securities which applies to all Directors, employees and contractors. This policy also extends to any person or entity, which may in the circumstances, be reasonably associated with the Group or any Director, employee or contractor (for example a spouse, dependent children, family trust, family company or joint venture partner).

Directors, executives reporting directly to the Managing Director and Chief Executive Officer (Executives), all direct reports to those Executives (Executive Direct Reports), and their associates are not permitted to trade in Tabcorp's securities during Blackout Periods and subject to the processes set out in the policy.

The applicable Blackout Periods commence on:

- + 1 January and end on the day Tabcorp announces its half year results (ASX Appendix 4D) inclusively;
- + 1 July and end on the day Tabcorp announces its preliminary final year results (ASX Appendix 4E) inclusively; and
- + 1 October and end on the day of Tabcorp's AGM inclusively.

The Tabcorp Board, Chairman, Managing Director and Chief Executive Officer, or Company Secretary may also decide other Blackout Periods at any time.

Approval for trading in a Blackout Period or within 12 months of acquisition will only be granted in exceptional circumstances and where the trade is the only reasonable course of action available. The nature of exceptional circumstances and the approval process to be followed are set out in the policy.

Directors are required to obtain written approval from the Chairman prior to a Director or an associate of a Director trading in Tabcorp securities. In the case of a proposed trade by the Chairman or their associate, approval is required from the Chairman of the Audit, Risk and Compliance Committee.

If any Executive or any associate of an Executive wishes to trade in Tabcorp's securities at any time, the Executive must obtain prior written approval from either the Company Secretary or the Managing Director and Chief Executive Officer, and from the Chairman.

For any Executive Direct Report or any associate of an Executive Direct Report wishing to trade in Tabcorp's securities at any time, the Executive Direct Report must obtain prior written approval from either the Company Secretary or the Managing Director and Chief Executive Officer.

The policy contains restrictions on margin lending. Directors, Executives and Executive Direct Reports must receive prior consent from the Chairman (in the case of the Chairman, prior consent from the Chairman of the Audit, Risk and Compliance Committee) before entering into margin loans or similar financing arrangements involving Tabcorp securities.

The policy also prohibits hedging, short selling and engaging in speculative short term investing of Tabcorp securities.

W Tabcorp's Securities Trading Policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

5.9 DIRECTORS' SHAREHOLDINGS POLICY

In accordance with the Directors' Shareholdings Policy, Non Executive Directors are encouraged to acquire and hold a minimum shareholding in Tabcorp approximately equivalent to one times the annual Non Executive Director base fee applicable for Non Executive Directors, or two times the annual Non Executive Director base fee applicable for the Chairman of the Board.

Non Executive Directors are encouraged to reach the applicable threshold within three years from appointment, with current Non Executive Directors having three years from FY16 to acquire additional shares to meet the threshold.

The annual Non Executive Director base fee excludes Committee fees, and is before tax and superannuation contributions.

W The details of Tabcorp securities held by Directors are available in the Directors' Report on page 43 of the Annual Report 2017.

W Tabcorp's Directors' Shareholdings Policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

5.10 EXECUTIVES' SHAREHOLDINGS POLICY

The Executives' Shareholdings Policy sets mandatory minimum shareholding requirements applicable to members of the Senior Executive Leadership Team. The aim of the policy is to ensure that there is an adequate level of alignment between the interests of executives, the Group and shareholders, through equity ownership.

Under the policy, the Managing Director and Chief Executive Officer will be required to hold the equivalent of a minimum of two times his annual fixed remuneration, while other executives will be required to hold the equivalent of a minimum of one times their annual fixed remuneration.

The minimum shareholding threshold must be achieved within five years from 1 July 2016 or from the date the executive is appointed into their role.

All purchased, restricted and unrestricted shares in Tabcorp held by the executive, or on their behalf, will count towards satisfying their minimum shareholding threshold.

W The details of Tabcorp shares held by executive key management personnel are available in the Remuneration Report on page 80 of the Annual Report 2017.

W Tabcorp's Executives' Shareholdings Policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

5.11 CONTINUOUS DISCLOSURE

The Group has a Disclosure and Investor Communications Policy and procedures are in place to ensure that information is reported to the ASX in accordance with the continuous disclosure requirements of its Listing Rules. The Board reviews Tabcorp's compliance with its continuous disclosure obligations at each of its meetings.

The Company Secretary is responsible for coordinating disclosure of information to the ASX, the Australian Securities and Investments Commission and shareholders. The Company Secretary is referred to as the Disclosure Officer in this policy.

The Disclosure Officer must be kept informed by management of disclosure related issues, and each Senior Executive Leadership Team member must notify the Disclosure Officer immediately of any information that may require disclosure.

In addition to the Disclosure Officer, there are a limited number of authorised Tabcorp spokespersons. Only authorised Tabcorp spokespersons may speak on the Group's behalf to people such as analysts, brokers, journalists and shareholders, and comments must be limited to their expertise. If an employee of the Group is not an authorised Tabcorp spokesperson, and receives an inquiry about the Group from a journalist, analyst or other external party, they must refer the inquiry to the appropriate authorised Tabcorp spokesperson.

Authorised Tabcorp spokespersons liaise closely with the Disclosure Officer to ensure all proposed public comments are within the bounds of information that is already in the public domain, and/or is not material.

W Tabcorp's Disclosure and Investor Communications Policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

5.12 INDEPENDENT PROFESSIONAL ADVICE

An individual Director may, after discussion with the Chairman, and advising the Managing Director and Chief Executive Officer, obtain independent professional advice at the expense of the Group. Such advice is to be made available to all other Directors.

Board Committees and Committee members may also obtain independent professional advice, subject to the terms of reference for the applicable Committee.

W The terms of reference for each Board Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

5.13 PERFORMANCE ASSESSMENT

The Nomination Committee is responsible for facilitating Board performance assessments, which review the performance of the Board, Board Committees, and individual Directors. Outcomes from the assessment are used to enhance the effectiveness of the Board and individual Director contributions, and improve Board processes, practices and governance arrangements.

During the 2017 financial year an assessment was completed by way of a Board self-evaluation. The assessment evaluated the Board structure and its role, Board meetings and processes, the Board's relationship with management, the effectiveness of each Board Committee, and the performance of the Chairman, the Chairman of each Committee and each individual Director. The assessment also considered trends over the year and strategic issues or areas that the Board considered were of significance that require further focus. The assessment took into account responses from Directors, and feedback from management.

Formal performance and development evaluations are conducted every year for each employee, including executives and the Managing Director and Chief Executive Officer. Individual performance is assessed using a balanced scorecard setting out specific targets that are aligned to and are supportive of the Group's annual objectives and whether the employee has exhibited Tabcorp's Ways of Working. Performance assessments for senior executives were undertaken in relation to the end of the 2017 financial year and at other intervals during the year in accordance with the process disclosed above.

- I** Refer to pages 64 and 65 of the Remuneration Report in the Annual Report 2017 for further information regarding the performance outcomes relevant to senior executives who were Key Management Personnel during the 2017 financial year.
- W** The terms of reference for the Nomination Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

5.14 SUCCESSION PLANNING

The Group has a succession plan for members of its Board and senior management. This plan identifies the best candidates for leadership and management roles so that the Board and the Senior Executive Leadership Team comprise high calibre people with the necessary and desirable experience and capabilities that best meet the organisation's needs.

The Nomination Committee is responsible for making recommendations to the Board to facilitate the orderly succession of Board membership and to manage a process to identify suitable candidates for appointment to the Board and for the optimal composition of Board Committees.

Refer to sections 2.1 and 2.2 for information regarding the attributes the Board considers when appointing new Directors and the process involved.

Directors regularly discuss succession matters at meetings of the Board and the Nomination Committee.

- W** The terms of reference for the Nomination Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

5.15 INDUCTION

The appointment of any new Director is subject to regulatory and certain ministerial approvals. While these approvals are being sought, the person may attend Board and Committee meetings as an observer. This assists their transition into their role, but they may not vote on any matter.

Each observer undertakes an induction program and is provided with access to Tabcorp's online Directors' Knowledge centre, the Group's strategic plan and other materials to assist them to participate fully and actively in all Board decision-making at the earliest opportunity. In addition, upon being invited to join the Tabcorp Board, every observer receives a letter of appointment, which is a written agreement setting out the key information, terms and conditions applicable to their appointment as a Director of Tabcorp.

The induction program aims to provide the observer with the relevant knowledge regarding the processes of the Tabcorp Board, Board culture, the role and responsibilities of a Tabcorp Director, the Group's strategic direction, the nature of the Group's businesses, industry matters, the Group's financial position, key senior management, operational and risk management practices and the major issues facing the Group. The induction program includes meetings with senior management, site tours, and specific matters of interest to each observer.

The Board Nomination Committee is responsible for ensuring that an effective induction process is in place, and reviews its effectiveness in accordance with industry best practice and including incorporation of feedback from newly appointed Directors. The Company Secretary is responsible for organising and facilitating the induction program for new Directors.

Tabcorp has a formal induction program for all employees, including executives. This program provides information about the structure and operations of the Group, Tabcorp's Code of Conduct, key employee policies (such as the use of Tabcorp's gambling products, harassment and bullying), occupational health and safety, and equal opportunity. In addition, employees receive orientation regarding their specific responsibilities, duties and rights, meet with executives and team members and undergo familiarisation in their workplace.

Employees have agreed position descriptions that set out their duties, responsibilities, objectives and key performance indicators. Letters of appointment or employment contracts set out other key terms of employment, including term of office, rights, responsibilities and entitlements on termination of employment.

W The terms of reference for the Nomination Committee are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

5.16 DIRECTORS' CONTINUING EDUCATION

All Directors have access to continuing education to update and enhance their skills and knowledge to enable them to continue to carry out their duties as Directors in an efficient and knowledgeable manner.

The continuing education program includes information concerning key developments in the Group and the industry, and environments within which it operates, including site visits to the Group's properties, updates to relevant policies, discussion of relevant legal developments, corporate governance updates and other matters of interest for Directors.

5.17 GROUP STRATEGIC PLANNING

Tabcorp has a formal strategic planning process whereby a strategic plan is approved by the Board each year. The intent of the annual review is to consider a range of strategies and provide management with guidance on those strategies that in the Board's opinion will enhance shareholder value. Where appropriate, external consultants provide the Board and management with independent advice and analysis regarding specific topics to assist in the evaluation and review process. Once the Board has approved the strategic plan, the Board receives regular reports regarding management's progress in implementing the strategies and the achievement of the organisation's objectives. A semi-annual strategic review is undertaken to enable the Board and management to examine particular strategic opportunities in greater detail and re-affirm the chosen strategies or provide further guidance.

5.18 CORPORATE RESPONSIBILITY

Tabcorp is committed to the long term sustainability of its operations and industry, and aims to minimise the social and environmental impact of its operations while contributing positive economic and sustainable benefits for its stakeholders.

During the year, a new value-creating and sustainable corporate responsibility framework and strategy was developed and approved by the Board. The strategy was developed to generate value for shareholders, employees, stakeholders, and the community over the short, mid, and longer term. Development of the framework and strategy was overseen by a new Corporate Responsibility Strategy Steering Committee, which comprised four members of the Senior Executive Leadership Team, and with regular input and oversight from the Board. This strategy aligns with Tabcorp's vision to be the world's most respected gambling-led entertainment company.

The framework is founded on the following pillars:

The five pillars of Tabcorp's corporate responsibility framework				
				
Community	Workplace	Governance	Responsible Entertainment	Environment
Corporate community investment, employee and community engagement, and support for improving social impacts.	Leading workplace practices to foster fairness, safety and wellbeing, diversity, inclusiveness, opportunity, performance and growth.	Stakeholder engagement, Board and executive performance, policies, transparency, measurement and reporting.	Responsible gambling and advertising practices, and supporting the racing industry in enhancing animal welfare.	A good foundation to improve performance and awareness for delivering positive environmental outcomes.

In developing this framework and strategy, Tabcorp sought feedback from a wide range of internal and external stakeholders. This strategy builds upon the good progress and outcomes achieved by Tabcorp over many years, and helps focus our future corporate responsibility efforts in those areas that matter for Tabcorp and our stakeholders.

A core element for Tabcorp is promoting the responsible service of its products. Refer to section 5.4 for information about how Tabcorp promotes responsible gambling. Further details about Tabcorp's corporate responsibility activities and the new strategy will be published on Tabcorp's website.

Tabcorp's commitment to long term sustainability is recognised by its inclusion in several global investment indices:

- + Dow Jones Sustainability Index
- + FTSE4Good index

During the year, Tabcorp also responded to the CDP questionnaires relating to climate change and water, and provided environmental impact data to Trucost.

-  Tabcorp's commitment to corporate responsibility is discussed in the Annual Report 2017 on pages 20 to 29.
-  The key operating and financial risks and uncertainties for the Group are disclosed in the Directors' Report on pages 37 to 41 of the Annual Report 2017.
-  Details about Tabcorp's corporate responsibility practices are available from the Sustainability section of Tabcorp's website at www.tabcorp.com.au/sustainability.

5.19 ENGAGING WITH SHAREHOLDERS

The Tabcorp Disclosure and Investor Communications Policy sets out the Group's procedures and guidelines relating to continuous disclosure and the communication of information to investors. Information is communicated to shareholders through Tabcorp's website, Annual Report, dividend mailings, email broadcasts, the ASX, and other means where appropriate.

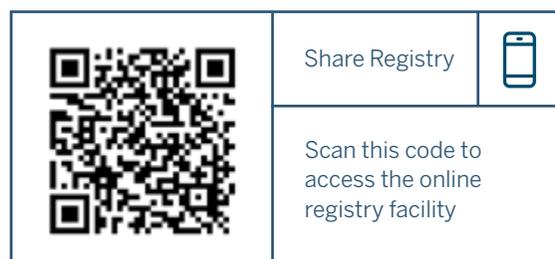
The Tabcorp website provides stakeholders with a range of information about the Group, including its operations, history, strategies, values, brands, community involvement, sustainability practices, share price performance and shareholder reports. There is also a facility for any interested person to receive email notifications of all major Tabcorp news releases published on the website. Major announcements, such as the annual and half year results and the AGM, are webcast live on Tabcorp's website. Webcasts are archived and accessible on the website for at least twelve months.

Tabcorp provides a service for its shareholders to receive all shareholder related communications electronically, including dividend statements, notices of meeting, and the Annual Report. This email service provides a quick and convenient means for receiving this information while reducing costs and being environmentally friendly. Shareholders can also use the website to lodge their proxy appointment prior to the AGM.

Dedicated shareholder relations personnel are available to assist in responding promptly to all shareholder inquiries. Tabcorp has a Shareholder Enquiries and Complaints Policy that sets out the way in which Tabcorp addresses concerns and feedback from shareholders. Shareholders can contact Tabcorp's share registry, Link Market Services Limited, or Tabcorp directly by electronic means. Contact details are available on the last page of Tabcorp's Annual Report or from the Contact Us section of Tabcorp's website.

Tabcorp encourages its shareholders to participate fully at its AGM. Important issues are presented to shareholders as single resolutions and full discussion of each item is encouraged. Explanatory memoranda, where considered appropriate, are included with the notice of AGM in respect of items to be voted on at the meeting. Also in the notice of AGM, Tabcorp encourages shareholders to submit prior to the AGM written questions about the management of the Company.

Go to the online share registry facility



- W** Shareholder related information is available at the back of the Annual Report 2017.
- W** Tabcorp's website is available at www.tabcorp.com.au.
- W** Shareholders can elect to receive all communications electronically by following the instructions on Link Market Service's website at investorcentre.linkmarketservices.com.au/Login.aspx/Login?issuer=TAH.
- W** Sign up to receive email notification of major Tabcorp news releases through the News & Media section of Tabcorp's website at www.tabcorp.com.au/news-media.
- W** Tabcorp's Disclosure and Investor Communications Policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.
- W** Tabcorp's Shareholder Enquiries and Complaints Policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.
- W** Shareholders can contact Tabcorp's share registry or Tabcorp using the details available from the Contact section of Tabcorp's website at www.tabcorp.com.au/contact-us.

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