

Tabcorp

CORPORATE GOVERNANCE
STATEMENT 2019

1. INTRODUCTION

1.1. About this Corporate Governance Statement

This Corporate Governance Statement outlines the corporate governance framework and main governance practices and policies of Tabcorp Holdings Limited (the Company or Tabcorp) and its subsidiaries (the Group) for the period commencing 1 July 2018 to 14 August 2019 (the reporting period).

This Corporate Governance Statement discloses the extent of Tabcorp's compliance with the recommendations in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles and Recommendations) during the reporting period. Tabcorp complies with the 3rd Edition of the ASX Principles and Recommendations and, while not required to do so for this reporting period, has adopted and complies with the majority of the updates contained in the 4th Edition of the ASX Principles and Recommendations. Tabcorp's compliance is set out in the Appendix 4G lodged with the ASX and is available on its website.

This Corporate Governance Statement is current as at 14 August 2019 and has been approved by the Board of Tabcorp.

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

W Tabcorp's Annual Report 2019 is available from Tabcorp's website at www.tabcorp.com.au/investors/annual-reports.

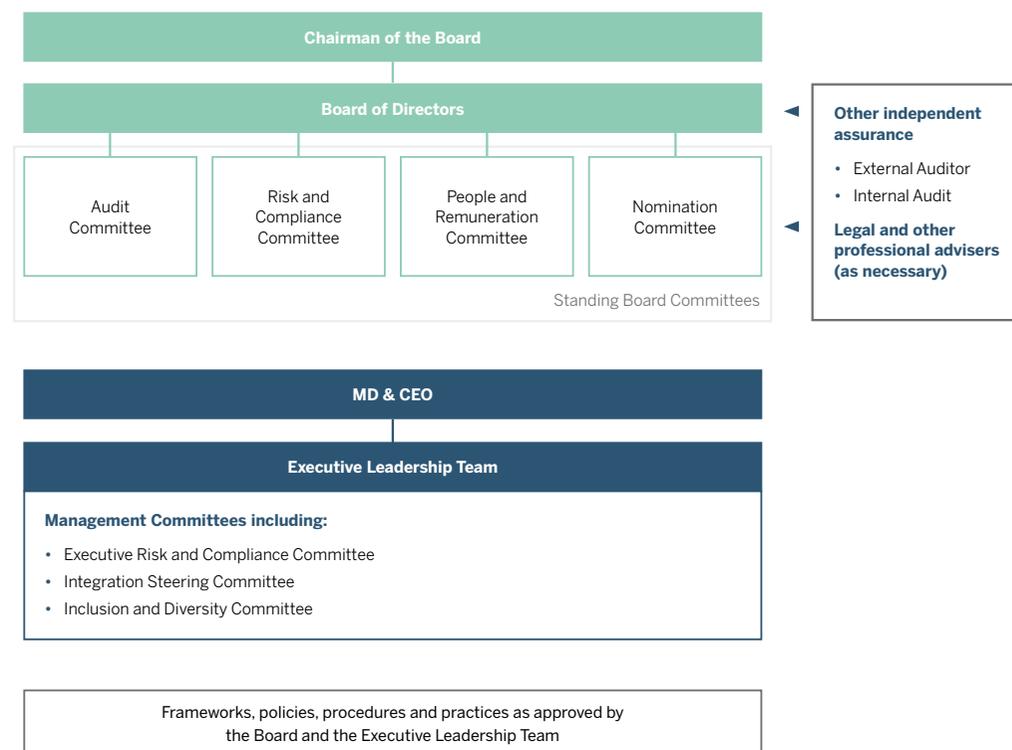
1.2. Tabcorp's corporate governance framework

Tabcorp is committed to good corporate governance and to maintaining leading corporate governance practices reflecting applicable legislation and corporate governance standards. Our corporate governance arrangements are core to our vision to be **The Trusted Gambling Entertainment Company** and to building on our purpose of delivering **Excitement with Integrity**.

Tabcorp's corporate governance framework is summarised in the diagram opposite.

Tabcorp's corporate governance arrangements are regularly reviewed and revised as appropriate to reflect Tabcorp's evolving needs, changes in law and developments in corporate governance practices. Key changes during the reporting period include:

- re-establishment of the Nomination Committee (refer section 4.5);
- enhancements to the Board skills matrix (refer section 3.3);
- an externally facilitated assessment of the performance and effectiveness of the Board, its Committees and individual Directors (refer section 3.8);
- enhancements to our Whistleblower Policy (refer section 7.2);
- introduction of a new Market Disclosure Policy (previously the Disclosure and Investor Communications Policy) and establishment of the Disclosure Committee (refer section 7.12); and
- from 1 July 2019, Mr Steven Gregg replaced Dr Zygmunt Switkowski as Chairman of the People and Remuneration Committee. Dr Switkowski remains a member of the Committee (refer section 4.4).



2. BOARD AND MANAGEMENT ROLES AND RESPONSIBILITIES

2.1. Board role and responsibilities

The Board Charter sets out the role, responsibilities, structure and operation of the Board, as well as the function and division of responsibilities between the Board and management.

The primary role of the Board is to represent and protect the interests of Tabcorp's shareholders as a whole and the interests of our other relevant stakeholders. The Board has ultimate responsibility for Tabcorp's corporate governance framework and setting the Group's strategic direction. The Board, together with the Managing Director & Chief Executive Officer (MD & CEO), sets the 'tone from the top' by demonstrating behaviours that are aligned with our vision, purpose and values.

The main responsibilities specifically reserved for the Board include:

- approving management's development of corporate strategy and overseeing management's implementation of strategic objectives;
- approval of business plans which include operating budgets;
- overseeing risk management, internal control and compliance systems;
- overseeing the integrity of the Group's financial accounts and reporting;
- receiving, considering and approving financial reports;
- approving and monitoring major investments, transactions, acquisitions or divestitures;
- determining capital structure and distribution policy;
- reviewing the performance of the MD & CEO and approving the MD & CEO's remuneration arrangements;
- succession planning for the MD & CEO;
- reviewing Board and Director performance;
- succession planning for Non Executive Directors; and
- reviewing Group governance related policies, including the Diversity and Inclusion Policy and setting measurable objectives.

The Board Charter sets out these responsibilities in further detail and is reviewed on a regular basis to ensure the balance of responsibilities remains appropriate.

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

2.2. Management role and responsibilities

The Board delegates authority for all other functions and matters necessary for day-to-day management of the Group to the MD & CEO, who in turn delegates to the Executive Leadership Team and other members of senior management, as required. Tabcorp's Delegated Authorities and Approval Limits Policy sets out management's authority to undertake transactions and incur expenditure on behalf of the Group up to specified financial thresholds, and is approved by the Board. The Delegated Authorities and Approval Limits Policy is reviewed regularly and updated to reflect specific business, market and economic changes so that the effective governance of the Group is maintained.

Details of the Executive Leadership Team are set out on pages 32 and 33 of the Annual Report.

Management provides the Board with accurate, timely and clear information on the Group's operations so the Board can effectively monitor the Group's activities and effectively discharge its responsibilities. Such reporting includes matters in relation to the financial and operational performance, strategy, risk management and compliance with material legal and regulatory requirements, and other matters reserved for the Board. The Board and Committees regularly review reporting received from management, and Directors may request additional information from management where necessary.

Members of the Executive Leadership Team have responsibility for supporting one or more Board Committees and meet with Directors outside of scheduled Board and Committee meetings (including regular contact between the Chairman and the MD & CEO) to assist the Board in discharging its responsibilities and to foster a strong working relationship between the Board and management.

3. BOARD STRUCTURE AND COMPOSITION

3.1. Board structure

The Board comprises seven independent Non Executive Directors and the MD & CEO. The Chairman of the Board is an independent Non Executive Director and the majority of Directors are independent (refer section 3.2). The roles of the Chairman and the MD & CEO are performed by separate individuals. The Board determines its size and composition, subject to Tabcorp's Constitution and applicable laws.

The Board is structured so that its membership provides a mix of qualifications, skills and experience to enable it to discharge its responsibilities, and so that its size facilitates effective discussion and decision making. Each Director's skills, qualifications, experience and relevant expertise are set out in the Annual Report.

Each Director's length of service and when they were last elected or re-elected at the Company's Annual General Meetings (AGMs) is set out below. A Director, other than any Managing Director, may not hold office for a continuous period in excess of three years or past the third AGM following the Director's last election or re-election to the Board, whichever is the longer, without submitting for re-election.

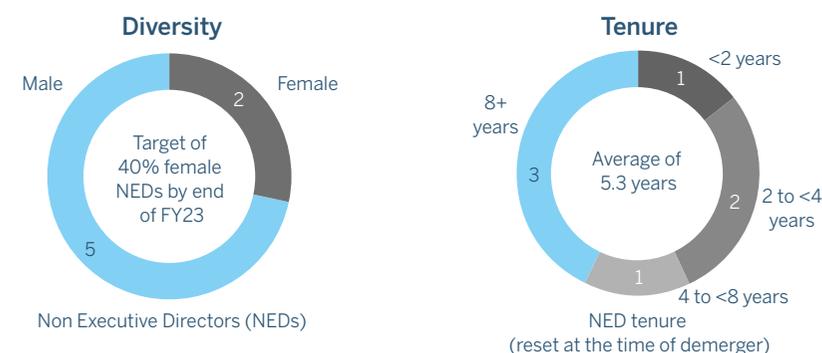
| Name | Length of service | Last election or re-election |
|--------------------|---|--|
| Paula Dwyer | Chairman for eight years, from June 2011 ⁽ⁱ⁾ Prior to demerger was a Director for six years, from August 2005 | 2016 AGM and intends to seek re-election at the 2019 AGM |
| David Attenborough | Eight years, from June 2011 | MD & CEO is not required to stand for re-election |
| Bruce Akhurst | Two years, from July 2017 | 2017 AGM |
| Harry Boon | One and a half years, from December 2017 | 2018 AGM |
| Steven Gregg | Seven years, from July 2012 | 2018 AGM |
| Vicki McFadden | Two years, from July 2017 | 2017 AGM |
| Justin Milne | Eight years, from August 2011 | 2016 AGM and intends to seek re-election at the 2019 AGM |
| Zygmunt Switkowski | Eight years, from June 2011 ⁽ⁱ⁾ Prior to demerger was a Director for five years, from October 2006 | 2017 AGM |

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

Tabcorp maintains a balanced Board with a mix of longer serving Directors with a deep understanding of Tabcorp's businesses and some more recent appointments. The average tenure of Non Executive Directors is approximately 5.3 years, recognising that tenure was reset at the time of the demerger (6.8 years without the reset).

Two of the seven Non Executive Directors are female, including the Chairman of the Board and the Chairman of the Audit Committee.

The details of each Director's skills, experience, qualifications and relevant expertise are set out in the Annual Report 2019 on pages 28 and 29.



3.2. Director independence

The Board Charter requires that the Board comprise a majority of independent Non Executive Directors, including the Chairman. The Board considers a Non Executive Director to be independent where that Director is free of any interest, position, or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of Tabcorp.

A Director independence assessment is carried out by the Board on appointment, annually and whenever any new material personal interests are disclosed. When assessing Director independence, the Board considers all relevant facts and circumstances in accordance with the guidelines for independence set out in the Board Charter, which have regard to Box 2.3 of the ASX Principles and Recommendations.

Directors are required to disclose any material contract or relationship with the Group, including relevant interests of family companies and spouses, and any involvement with other companies or professional firms. A register of Directors' material personal interests is maintained and is regularly sent to every Director. Directors who have a material personal interest in a matter that is being considered at a Board or Committee meeting are prevented from accessing the relevant paper(s) and may not vote on the matter. The Director concerned may not take part in relevant discussions at that meeting unless the Board decides otherwise. Further, where any other company or professional firm associated with a Director have dealings with the Group, all such dealings are at arms-length and on normal commercial terms.

During the reporting period, the Board assessed the interests, positions, associations and relationships of each of the current Non Executive Directors (NEDs), including the Chairman, and considers each of them (Paula Dwyer, Bruce Akhurst, Harry Boon, Steven Gregg, Vickki McFadden, Justin Milne and Zygmunt Switkowski) to be independent.

Notwithstanding the Company's view that Director tenure was reset at the time of the demerger, after due consideration the Board considered that neither Ms Paula Dwyer or Dr Zygmunt Switkowski had held office for such a period as to compromise their independence. In reaching this conclusion the Board noted that each Director retained independence of character and judgement and had not formed associations with management (or others) that might compromise their ability to exercise independent judgement.

U Details of offices held by Directors with other organisations are set out in the Annual Report 2019 on pages 28 and 29.

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.

W The Board Charter contains additional information about Director independence and is available from the Corporate Governance section of Tabcorp's website www.tabcorp.com.au/who-we-are/corporate-governance.

3.3. Directors' skills and experience

The Board aims to ensure that collectively it has an appropriate mix of skills, knowledge and experience to discharge its duties and responsibilities effectively, having regard to Tabcorp's strategic objectives and emerging business and governance issues.

The Board has adopted a matrix setting out the key skills and areas of experience required for the Board to effectively discharge its obligations, now and in the future. The Board undertakes regular assessments using the matrix to ensure all attributes are well represented on the Board and to identify any particular skills and perspectives that will enhance the Board's effectiveness. These skills and attributes are prioritised when identifying potential future Director candidates as part of coordinated succession planning.

During the reporting period, the Board:

- reviewed and updated the matrix to reflect the Group's strategic objectives and shifts in community and regulatory expectations towards the role of boards; and
- undertook a self-assessment using the matrix, with the table below summarising the number of Directors demonstrating a 'developed capability' (meaning a score of at least 3 out of 5) for each skill or area of experience.

The Board considers its current membership comprises an appropriate mix of skills and experiences to enable it to discharge its obligations effectively, having regard to Tabcorp's strategic objectives. Where any criteria is not fully represented, the skills and experience of the Board are augmented through the involvement of management and external advisors, as deemed appropriate by the Board.

U 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 2019 on pages 28 and 29.

| Technical skills | Number of Directors with developed capability |
|--|--|
| Leadership Board, CEO and/or senior executive level experience in a major organisation or listed company. |  8 out of 8 |
| Strategic and commercial acumen Experience in formulating, implementing and/or overseeing strategic business plans and developing new businesses, including start-ups, mergers and acquisitions, and divestments. |  8 out of 8 |
| Financial acumen/capital management Qualifications and/or experience in accounting and/or finance, including understanding financial statements of organisations of significant size and complexity, assessing financial performance and the adequacy of financial controls, and overseeing capital management and funding arrangements. |  8 out of 8 |
| Governance Experience in a major organisation or listed company subject to rigorous governance standards, overseeing best practice governance frameworks, related policies and processes. |  8 out of 8 |
| Legal and regulatory Experience in legal and regulatory matters, including knowledge of the environment applicable to the gambling industry. Experience in overseeing legal and regulatory frameworks, policies and processes (in the gambling industry or otherwise). |  8 out of 8 |
| Risk management and compliance Experience in risk management and compliance frameworks and related policies and processes, setting risk appetites, identifying and providing oversight of material business risks. |  8 out of 8 |
| People Experience with people matters, including assessing executive and employee performance, talent development, employee engagement, strategic workforce planning and leading organisational change, and workplace health and safety. |  8 out of 8 |
| Organisational culture Experience in organisational culture and change, including formulating and overseeing organisation-wide values and policies to protect and enhance reputation, build trust and confidence in an organisation and setting the 'tone at the top'. |  8 out of 8 |
| Remuneration Experience in a Board Remuneration Committee (or similar) or at a senior executive level in relation to remuneration practices, including scorecard target setting, incentive plans, superannuation, and legislative/contractual frameworks for remuneration. |  8 out of 8 |
| Government/stakeholder relations and public policy Experience in public and regulatory policy matters and stakeholder engagement, including with government, regulators and industry groups. |  8 out of 8 |
| Experience | Number of Directors with developed capability |
| Gambling industry experience Experience at Board or senior executive level at a domestic or international gambling business, related racing, sport or entertainment business. |  6 out of 8 |
| Experience in other relevant industries Relevant experience at Board or senior executive level at a major organisation in other industries operating in similarly complex and highly regulated environments. |  7 out of 8 |
| International experience Experience in international markets, exposed to a range of political, cultural, regulatory and business environments. |  8 out of 8 |
| Information technology Knowledge and experience in the use and governance of critical information technology infrastructure and applications, and information security. |  7 out of 8 |
| Digital innovation Experience in leveraging digital technology to drive competitive strategies, innovation, revenue growth and business performance. |  8 out of 8 |
| Retailing, marketing and customer experience Experience at a significant retail business, including multi-channel distribution, development of winning products, customer experience, service and management strategies, and marketing to retail and online consumers. |  8 out of 8 |
| Corporate responsibility Experience in formulating, implementing and/or overseeing corporate responsibility strategy focused on conducting business responsibly and ethically, enhancing corporate social licence to operate and generating long term sustainable value for shareholders, employees, stakeholders and the community. |  8 out of 8 |

3.4. Other directorships

Directors are required to continually 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 as a member of Tabcorp's Board. Directors must seek approval from the Chairman prior to accepting an invitation to become a Director of any other corporation, and in the case of the Chairman, seek approval from the Chairman of the Audit Committee.

The Board has adopted a policy that Non Executive Directors are permitted to hold a maximum number of five directorships of ASX listed companies, including 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 Committee). All Tabcorp Non Executive Directors comply with the policy.

I Details of the directorships for each Director, including on the Board of other publicly listed companies, are available in the Annual Report 2019 on pages 28 and 29.

3.5. Director appointments

The Board is responsible for the appointment of new Directors, reviewing and recommending the election or re-election of current Directors, the membership of each Board Committee and Board succession. In carrying out these responsibilities, the Board aims to maintain an appropriate balance of skills, experience, diversity and independence. These responsibilities are now undertaken by the Nomination Committee, which was re-established effective from 14 June 2019. As set out in section 4.5 and in accordance with the Nomination Committee Charter, the Committee makes recommendations to the Board regarding these matters.

Appropriate recruitment and pre-appointment screening processes are carried out prior to the appointment of a Tabcorp Director or Executive Leadership Team member, including checks as to character, experience, education, bankruptcy history and criminal records. Prospective new Directors are required provide details of their other commitments and an indication of time involved, and specifically acknowledge that they will have sufficient time to fulfil their responsibilities as a Director. They 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. Similar processes are also undertaken when appointing members of the Executive Leadership Team.

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 while they are an observer they may not vote on any matter. New Non Executive Directors must stand for election at the AGM immediately following their appointment.

Every new Director receives a formal letter of appointment that sets out the key terms and conditions of their appointment, including the Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement in Board Committees. Every Executive Leadership Team member has a written agreement with Tabcorp setting out the terms of their appointment.

I Details of the Directors, their qualifications and experience are included in the Annual Report 2019 on pages 28 and 29.

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 Board Charter and the Nomination Committee Charter are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

3.6. Directors' induction, continuing education and independent advice

Every new Director takes part in an induction program to assist them to participate fully and actively in all Board and Committee decision-making at the earliest opportunity. New Directors are provided with access to relevant information and attend briefings with management to enable them to gain an understanding of the Group's businesses, strategy, key issues and operations. The program also includes site visits and briefings on specific topics of relevance to Tabcorp.

Directors are expected to maintain the knowledge and skills required to discharge their duties and responsibilities effectively and respond to new and emerging business and governance issues. All Directors have access to a continuing education program that includes briefings and information on key developments relevant to the Group, site visits to the Group's properties and updates on risk and compliance, legal and regulatory, corporate governance and other relevant developments.

From 14 June 2019, the Nomination Committee is responsible for ensuring that an effective induction process is in place and reviewing its effectiveness. The Committee is also responsible for reviewing and making recommendations to the Board regarding the continuing education program for Directors. The Company Secretary is responsible for organising and facilitating the induction and continuing education program for Directors.

Under the Board and Committee Charters, the Board, Committee or individual Directors, as the case may be, have the right to seek independent professional advice at the expense of Tabcorp.

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

3.7. Board renewal and succession planning

The Board is responsible for maintaining the optimal composition of the Board and its Committees and for overseeing orderly and coordinated succession planning for Board membership. From 14 June 2019, the Nomination Committee is responsible for reviewing and making recommendations to the Board with respect to Board succession matters, including the process for identifying suitable candidates, and the nomination, selection and appointment of Non Executive Directors.

During the period the Board commenced a process for orderly and coordinated Board renewal, including for the Chairman role, to identify one or two new Non Executive Directors (subject to regulatory approval) with relevant skills and experience to augment the current composition of the Board and in anticipation of the retirement of longer serving Directors, Ms Dwyer and Dr Switkowski, in the next few years. This process is being overseen by the Nomination Committee, noting that the Board Chairman will not Chair the Committee when the Committee is dealing with Board Chairman succession matters, in accordance with the Committee Charter.

Once the Board determines that a new Director is to be appointed, a candidate search is undertaken based on the Board's specific selection criteria, incorporating the Board skills matrix, and supported by external consultants as required.

The Board annually reviews and approves Director elections and re-elections at the Company's AGM, including approving a statement confirming whether or not the Board supports the election or re-election of a Director and if the Board considers a Director to be independent. From 14 June 2019, the Nomination Committee is responsible for reviewing and making recommendations to the Board regarding the retirement by rotation and re-appointment of Non Executive Directors.

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

3.8. Performance assessment

Each year, the Board conducts a review of its performance and of individual Directors. Outcomes from these assessments are used to enhance the effectiveness of the Board and individual Director contributions, and improve Board processes, practices and governance arrangements. The Board performance assessment process is generally conducted by a mixture of internal and externally facilitated reviews. An external review is conducted every three years and an internal review is conducted in the alternating years.

During the reporting period, an advisory firm was appointed to conduct an independent external review of the performance and effectiveness of the Board, its Committees and each Director. The assessment process included interviews with each Director and Executive Leadership Team member. The findings of the review were considered by the Board and action plans put in place to address the recommendations contained in the review. Directors were also given feedback on their individual performance and contributions, and were provided with their strengths and areas for development.

During the reporting period the Board oversaw the performance assessment process. Following the re-establishment of the Nomination Committee, this Committee will be responsible for facilitating the Board performance assessment process and making recommendations to the Board.

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

3.9. Board and Committee meetings

The Board and its Committees meet regularly to discuss matters relevant to the Group's operations and performance, with additional meetings held as and when required to address specific matters. 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. All Directors may attend Committee meetings.

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 in the absence of the MD & CEO 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.

All Board meetings and documents are provided to Directors in English. All Tabcorp Directors reside in Australia and are fluent in the English language.

W The number of Board and Committee meetings and the attendance of each Director at these meetings are set out in the Annual Report 2019 on page 31.

3.10. Company Secretary

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 and Committee policies and procedures, minutes of meetings, facilitating Director induction and their continuing education, communications with regulatory bodies and the ASX, and statutory and other filings. All Directors have access to the Company Secretary. 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 and Committees. The appointment and removal of the Company Secretary is a matter reserved for the Board.

4. BOARD COMMITTEES

4.1. Board structure

The Board recognises the essential role of Committees in guiding the Company on specific issues. To assist the Board in discharging its responsibilities, the Board has established the following Board Committees with delegated responsibilities:

- Audit Committee (refer section 4.2);
- Risk and Compliance Committee (refer section 4.3);
- People and Remuneration Committee (refer section 4.4); and
- Nomination Committee (refer section 4.5).

The Nomination Committee was re-established and effective from 14 June 2019 to provide additional focus on Board succession planning matters. Prior to this, the Board oversaw matters relating to Board and MD & CEO succession planning, Board composition (such as the mix of skills, experience, capability and diversity represented on the Board), and Director independence, appointments and re-elections. As such Tabcorp did not follow Recommendation 2.1(a) of the ASX Principles and Recommendations for the entire reporting period.

Board Committee membership is restricted to Non Executive Directors only. Directors are appointed to each Committee having regard to each Director's skills, expertise, and specific interests, to provide optimal value to Committee discussions and to maximise the effectiveness of these Committees. The MD & CEO is not a member of any Board Committee, however the MD & CEO does attend Committee meetings as an observer.

Each Board Committee operates under a charter approved by the Board, which sets out the authority, membership and responsibilities of the Committee, together with any relevant administrative arrangements and any other matters considered appropriate by the Board.

The role of each Committee is to advise and make recommendations to the Board. The Committees do not have decision making authority except as expressly stated in the relevant charter or as authorised by the Board.

From time to time the Board may approve the establishment of other ad hoc Board sub-committees to deal with specific matters as they arise. During the reporting period, legal and compliance focused Sub-Committees of the Board were in operation.

I The attendance of Directors at Board and Committee meetings is disclosed in the Directors' Report on page 31 of the Annual Report 2019.

I The details of relevant Director qualifications and experience are included in the Annual Report 2019 on pages 28 and 29.

W The Charters 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.

4.2. Audit Committee

The Audit Committee's key responsibilities and functions are to assist the Board to fulfil its duties and responsibilities relating to:

- the Company's relationship with the external auditor and the external audit function generally, as well as its independence, objectivity and performance;
- the Company's relationship with the internal auditor and the internal audit function generally;
- the preparation of the financial statements and reports; and
- oversight of the Company's financial controls and systems.

The Committee's primary roles in relation to audit are to review, report to, and where appropriate make recommendations to the Board in relation to:

- the reporting of financial information;
- the appropriate application and amendment of accounting policies; and
- the appointment, independence and remuneration of the external auditor.

Refer to section 6 'Integrity in Financial and Corporate Reporting' for further detail in relation to Tabcorp's approach to safeguarding the integrity of corporate reports, including the External Audit and Internal Audit function.

The Audit Committee is comprised of at least three members (currently there are five members), all of whom are independent Non Executive Directors. The Committee Chairman is an independent Non Executive Director who is not the Chairman of the Board. All members of the Committee are financially literate and have accounting and/or financial expertise and familiarity with financial management. The MD & CEO, Chief Financial Officer (CFO), Group General Counsel (GGC), Chief Risk Officer (CRO), Executive General Manager Internal Audit, external auditor and other members of management and advisors may attend Committee meetings at the invitation of the Committee Chairman.

Composition of the Audit Committee

| | |
|----------------|--|
| Chairman: | Vicki McFadden |
| Other Members: | Paula Dwyer Bruce Akhurst Harry Boon Steven Gregg |

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

4.3. Risk and Compliance Committee

The Risk and Compliance Committee's key responsibilities and functions are to assist the Board to fulfil its duties and responsibilities in overseeing activities relating to the identification and management of risk and the management of the Company's compliance obligations.

The Committee's primary roles with respect to risk management and compliance are to review, report to, and where appropriate make recommendations to the Board in relation to:

- the risk appetite for the Company;
- the adequacy and effectiveness of the Company's risk management framework and supporting processes to manage the Company's identified risks;
- the Company's risk profile and reports on new and emerging sources of risks and the adequacy of risk mitigations;
- material incidents and lessons learned;
- the adequacy and effectiveness of the Company's insurance program; and
- the adequacy of policies and processes to manage the Company's legal and regulatory obligations.

Refer to section 5 'Risk Management and Controls' for further detail in relation to Tabcorp's approach to risk management.

The Committee is comprised of at least three members (currently there are five members), all of whom are independent Non Executive Directors. The Committee Chairman is an independent Non Executive Director who is not the Chairman of the Board. The MD & CEO, CFO, GGC, CRO, Executive General Manager Internal Audit, external auditor and other members of management and advisors may attend Committee meetings at the invitation of the Committee Chairman.

Composition of the Risk and Compliance Committee

| | |
|----------------|---|
| Chairman: | Bruce Akhurst |
| Other Members: | Paula Dwyer Harry Boon Vicki McFadden Justin Milne |

W The Risk and Compliance Committee Charter is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

4.4. People and Remuneration Committee

The key responsibilities and functions of the People and Remuneration Committee are to:

- make recommendations to the Board on the remuneration of Non Executive Directors, remuneration, performance and incentive outcomes for the MD & CEO;
- approve remuneration policies, remuneration and incentive outcomes applicable to the Executive Leadership Team;
- make recommendations to the Board on the Group's general remuneration practices and policies, including employee share ownership schemes and performance incentive schemes;
- oversee people strategies and policies, including talent and retention, diversity and inclusion, culture and engagement; and
- oversee the Group's health, safety and wellbeing program.

The Committee is comprised of at least three members (currently there are four members), all of whom are independent Non Executive Directors. The Committee Chairman is an independent Non Executive Director who is not the Chairman of the Board. The MD & CEO, Chief People Officer, General Manager Reward and Performance and other members of management and advisors may attend Committee meetings at the invitation of the Committee Chairman. From 1 July 2019, Mr Steven Gregg replaced Dr Zygmunt Switkowski as Chairman of the Committee. Dr Switkowski remains a member of the Committee.

Composition of the People and Remuneration Committee

| | |
|----------------|--|
| Chairman: | Steven Gregg (from 1 July 2019) Zygmunt Switkowski (until 1 July 2019) |
| Other Members: | Paula Dwyer Harry Boon Steven Gregg (until 1 July 2019) Zygmunt Switkowski (from 1 July 2019) |

I Details regarding the Company's remuneration policies and practices, including the remuneration of Non Executive Directors, MD & CEO and other key management personnel, are set out in the Remuneration Report on pages 42 to 72 of the Annual Report 2019.

W The People and Remuneration Committee Charter is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

4.5. Nomination Committee

The Nomination Committee was re-established effective 14 June 2019. The key responsibilities of the Nomination Committee are to assist the Board in fulfilling its responsibilities in relation to:

- the size and composition of the Board and the development of the Board Skills Matrix;
- the selection, appointment and re-appointment of Non Executive Directors;
- reviewing the performance of the Board, Committee and individual Directors;
- overseeing induction and professional development plans for Directors; and
- Board renewal and succession planning, including succession of the Chairman and MD & CEO.

The Committee is comprised of at least three members (currently there are seven members), all of whom are independent Non Executive Directors. The Committee Chairman is an independent Non Executive Director and is the Board Chairman. The MD & CEO and other members of management and advisors may attend Committee meetings at the invitation of the Committee Chairman.

Composition of the Nomination Committee

| | |
|----------------|---|
| Chairman: | Paula Dwyer |
| Other Members: | Bruce Akhurst Harry Boon Steven Gregg Vicki McFadden Justin Milne Zygmunt Switkowski |

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

5. RISK MANAGEMENT AND CONTROLS

5.1. Risk Management Framework

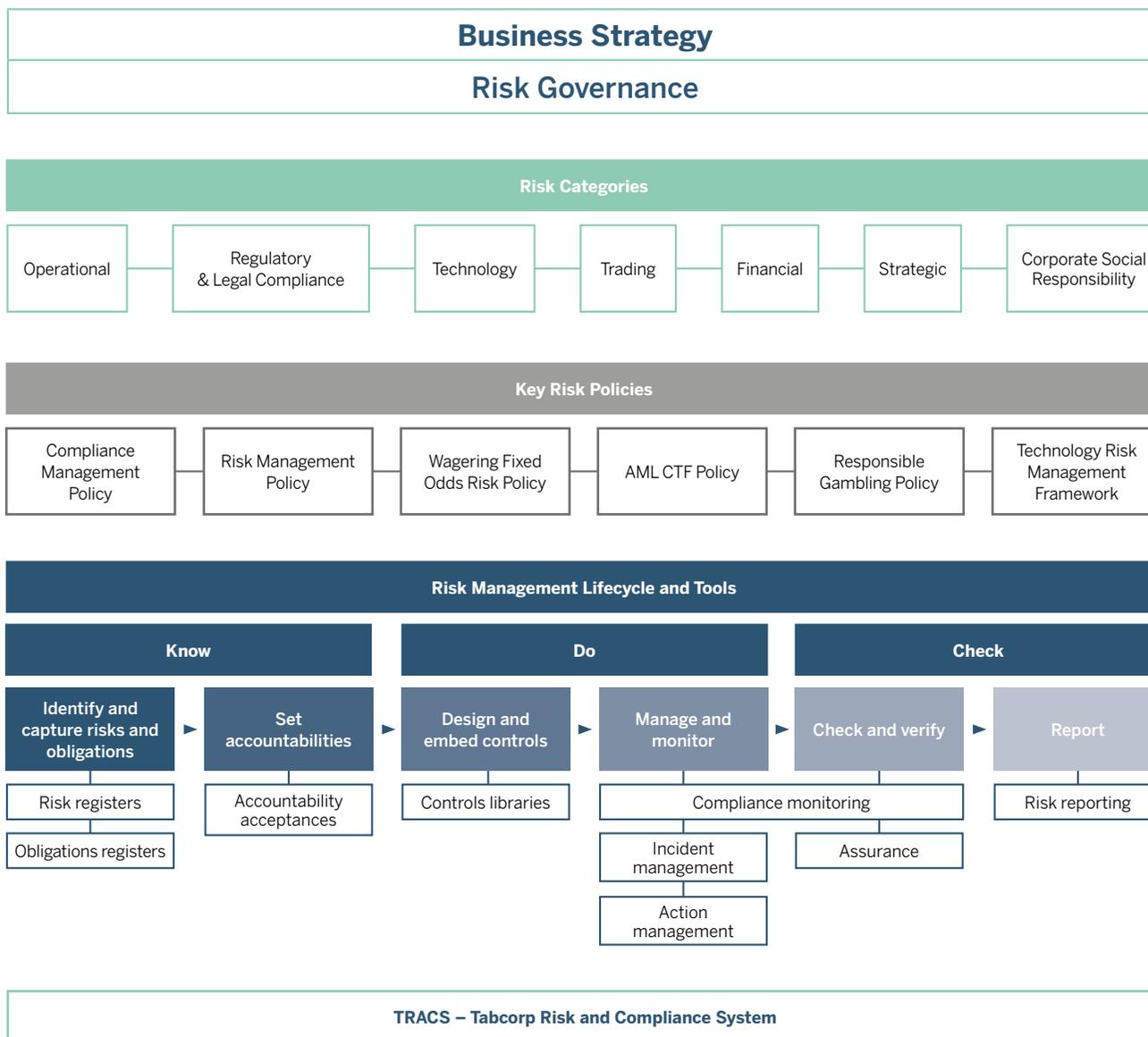
Tabcorp's Risk Management Framework (shown opposite) summarises our approach to managing risk across the Group. This Framework is based on concepts and principles identified in the Australian/New Zealand Standard on Risk Management (AS/NZS ISO 31000:2009).

The Group's Risk Management Framework is regularly reviewed and will continue to be enhanced as the Group's existing operations develop and its range of activities expands. During the reporting period, a number of enhancements were made to the framework, including revision of the Risk Management and Compliance Policies, implementation of a Technology Risk Framework, updating of business continuity plans and enhancements to key risk management tools such as the Tabcorp Risk and Compliance System (TRACS).

The Risk Management Framework, including risk appetites, policies and procedures, is reviewed at least annually by the Chief Risk Officer (CRO) and the Risk and Compliance Committee to confirm it continues to be sound and is operating effectively. Such a review was undertaken during the reporting period and it was concluded the Risk Management Framework continues to be sound and is operating effectively.

Tabcorp is exposed to a variety of risks due to the nature of the environment in which it operates. Further details about the material business risks for the Group and mitigating actions are disclosed in the Directors' Report on pages 36 to 38 of the Annual Report 2019.

 The material business risks for the Group and key mitigations are disclosed in the Directors' Report on pages 36 to 38 of the Annual Report 2019.



5.2. Governance and oversight of risk

The Risk and Compliance Committee is responsible for assisting the Board in overseeing risk management and compliance at Tabcorp. The responsibilities, functions and composition of this Committee are set out in section 4.3.

The Executive Risk and Compliance Committee, which comprises all members of the Executive Leadership Team, provides oversight of, and focus on, the Group's Risk Management Framework, compliance and integrity activities. This oversight enables the Executive Leadership Team to:

- collectively and efficiently implement and manage risk and compliance 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 Risk and Compliance Committee; and
- maintain a strong risk and compliance culture across the Group.

The Group has also established separate executive level risk and compliance committees for the Wagering & Media, Lotteries & Keno, Gaming Services and Technology divisions. These committees provide oversight of risk management and compliance matters at a divisional level and ensure the appropriate escalation of matters to the Executive Risk and Compliance Committee and in turn to the Risk and Compliance Committee and the Board.

The Chief Risk Officer (CRO) function leads the Group's oversight of risk, financial crime/anti-money laundering and compliance activities, including responsible gambling strategy. 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 CRO is a member of the Executive Leadership Team and reports directly to the MD & CEO and to the Risk and Compliance Committee. The CRO function operates independently of the business units, providing oversight and expertise to assist in implementing formal risk management practices and processes, capture knowledge and share experiences across the organisation. The CRO team engages with the business units to ensure a consistent approach to risk management is applied across the Group, and regularly reports to the Executive Risk and Compliance Committee and to the Risk and Compliance Committee.

Tabcorp's internal audit function provides management and the Risk and Compliance Committee with independent and objective assurance on the effectiveness of the Group's risk management and internal control processes.

W The Risk and Compliance Committee Charter is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

5.3. Recognition and management of risk

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

Tabcorp management maintains, monitors and regularly reviews risk profiles for each of the Group's operating businesses, Technology function, and major projects (such as the Tabcorp-Tatts integration project). These profiles identify the:

- nature and likelihood of occurrence for specific or potential material risks;
- applicable risk appetite statements;
- 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.

These risk profiles, including any material exceptions, are regularly reported to the Executive Risk and Compliance Committee and the Risk and Compliance Committee, and are also considered as part of the annual internal audit planning process.

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

Business continuity plans, business impact risk assessments, disaster recovery plans and crisis response and management plans are maintained for key operations. These plans enable us to respond appropriately to unplanned events and minimise the likely impacts of disruption to our people, customers and operations. These are regularly reviewed and tested to ensure they remain up to date and effective, and that the appropriate personnel have the requisite knowledge and training to respond accordingly.

W The material business risks for the Group and key mitigations are disclosed in the Directors' Report on pages 36 to 38 of the Annual Report 2019.

W The Risk and Compliance Committee Charter is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

5.4. Compliance management

Tabcorp's Compliance Management Policy is aligned with:

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

The Group utilises an enterprise wide compliance system, known as TRACS, which provides a consistent platform and uniform approach to collating and reporting relevant information from across the Group. The system enables teams to capture their key obligations, risks, controls, incidents and actions, assisting them to monitor whether practices and processes designed to ensure compliance have been operating effectively. TRACS also increases the visibility of potential issues, and assists the processes for resolving issues, including audit actions. Compliance management updates and incident reports are regularly reviewed by divisional risk and compliance committees, the Executive Risk and Compliance Committee, the Risk and Compliance Committee and in turn the Board.

5.5. Incident reporting

Incidents of non-compliance with Tabcorp's Risk Management Framework, such as with Tabcorp's policies and legal obligations, are recorded and managed through TRACS. All businesses can log incidents, assign corrective action plans to mitigate risks and manage incidents, and monitor progress to resolve incidents. The CRO team oversees the incident management process and escalates as appropriate to senior management, and through to the Executive Risk and Compliance Committee, and the Board and its Risk and Compliance Committee.

Material breaches of key policies, such as Tabcorp's Code of Conduct and Anti-Bribery and Corruption Policy, as well as material matters reported under the Whistleblower Policy, are reported to the Risk and Compliance Committee and to the Board.

5.6. Risk culture

Tabcorp is committed to maintaining a sound risk culture, consistent with our values and purpose of **Excitement with Integrity**. The Risk and Compliance Committee and Board actively monitor risk culture at Tabcorp and receive regular reports on a range of culture topics including key leading and lagging cultural indicators, which are designed to measure and monitor risk culture, and identify areas for further focus.

The Group has an accountability framework that clearly sets out the expectations of team members with regard to conduct and accountability, and assists management to determine the appropriate consequences for behaviours which are not in line with Tabcorp's culture, vision and purpose. Depending on the circumstances, potential consequences under the framework may include reduced remuneration outcomes, disciplinary actions and dismissal.

To maintain a strong risk culture, employees participate in ongoing training and awareness campaigns, and the CRO team works with business units throughout the annual risk management lifecycle to review and validate applicable risks, mitigating actions and controls, consider potential and emerging risks, and update the TRACS system.

5.7. Internal control framework

The Group's internal control structure is overseen by the Risk and Compliance Committee and Audit Committee (having regard to their respective roles and responsibilities) and approved by the Board. This includes the roles performed by the Group's internal audit, risk management and compliance functions.

The Group's strategic plan 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 the Board to monitor performance against the annual budget.

The Group has detailed policies and guidelines for the approval of capital expenditure including annual budgeting, review and approval of individual proposals and specific levels of authority between the Board and management as set out in the Delegated Authorities and Approval Limits Policy.

Tabcorp has a Treasury Policy approved by the Board which outlines a framework for the management of financial risks and sets out processes for the investment of surplus cash, management of debt and currency, interest rate risk management and ongoing reporting requirements to the Board. Tabcorp enters into interest rate and cross currency swaps to hedge interest rate and foreign exchange risk on debt. The Treasury department, overseen by the CFO, is responsible for managing the Group's finance facilities and interest rate, credit, liquidity and currency risks in line with policies approved by the Board.

6. INTEGRITY IN FINANCIAL AND CORPORATE REPORTING

6.1. External Auditor

During the period, Tabcorp's external auditor was Ernst & Young. The Audit Committee regularly reviews the effectiveness, performance and independence of Tabcorp's external auditor. If it becomes necessary to replace the external auditor for performance or independence reasons, the Committee will formalise a procedure and policy for the selection and appointment of a new external auditor.

The Corporations Act 2001 (Cth) requires the external auditor to make an annual independence declaration, addressed to the Board, declaring that the auditor has maintained its independence in accordance with the Corporations Act and the rules of professional accounting bodies. Ernst & Young has provided an independence declaration to the Board for the reporting period, which forms part of the Directors' Report in the Annual Report.

Tabcorp maintains the rotation of the lead external audit partner every five years or less, as required by the Corporations Act.

Tabcorp is committed to maintaining auditor independence and has implemented an External Auditor Independence Policy. Under this policy, the external auditor is prohibited from providing certain services which are considered or otherwise might be perceived to impair the auditor's independence and may only provide permissible non-audit services where there is a compelling reason to do so. The provision of permissible non-audit services must be pre-approved by the Audit Committee Chairman. The CFO provides periodic reports to the Audit Committee meeting describing any permissible non-audit services approved by the Chairman since the last report.

Details of the fees paid to Ernst & Young during the reporting period, including a breakdown of fees paid for non-audit services, are set out in the Directors' Report in the Annual Report. The Board has considered the nature of the non-audit services provided by Ernst & Young during the reporting period, and has determined that the services provided, and the level of fees paid for those services, are not incompatible with the general standard of independence for auditors imposed by the Corporations Act and that the auditor's independence has not been compromised.

The lead audit engagement partner of Ernst & Young attends Tabcorp's AGM and is available to answer shareholder questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted in relation to the preparation of the financial statements, and the independence of the auditor. The Audit Committee regularly meets with the external auditor, without management present.

6.2. Management assurance

At the Board meetings to approve the Group's annual and half year financial statements, the Board received a declaration from the MD & CEO and the CFO in relation to their opinion of the Group's system of risk 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.

6.3. Internal Audit function

The Audit Committee annually approves an internal audit plan under which Tabcorp's Internal Audit function operates, as overseen by the Executive General Manager Internal Audit. The Audit Committee reviews the scope, results, adequacy, independence and effectiveness of the internal audit program of work, and the performance of the Executive General Manager Internal Audit and the internal auditor function.

The objectives of the Internal Audit function are to provide independent and objective assurance on the adequacy and effectiveness of Tabcorp's internal control environment, together with recommendations to improve the efficiency of the relevant systems and processes.

The Executive General Manager Internal Audit has a direct reporting line to the Audit Committee and meets with the Audit Committee regularly with and without other members of management present. The Audit Committee is informed of changes to the role of Executive General Manager Internal Audit, and the qualifications, skills and experience of persons appointed to that role to ensure they are suitably qualified. The Internal Audit function is independent of the External Auditor.

6.4. Integrity of disclosures in periodic reports

Tabcorp produces a number of periodic reports, including its Annual Report, Corporate Governance Statement, Interim Financial Report and Corporate Responsibility Review. The Group has in place processes to review and confirm the accuracy and reasonableness of the disclosures contained in these reports. Management undertakes a review of the disclosures in these reports, whereby subject matter experts and the relevant executives review and approve the disclosures. A legal review is also conducted of all disclosures. The Annual Report, Corporate Governance Statement and Interim Financial Report are then presented for review and approval to the relevant Board Committee and the Board.

The Directors' Report, including the operating and financial review section, contained in the Annual Report and Interim Financial Report, is reviewed by the external auditor. The Remuneration Report is also audited by the external auditor. The annual and half yearly Directors' Report and Financial Report are reviewed by the Audit Committee prior to approval by the Board. The Remuneration Report is reviewed by the People and Remuneration Committee prior to approval by the Board. The risk disclosures in the Annual Report and the Corporate Governance Statement are reviewed by the Risk and Compliance Committee prior to approval by the Board.

With respect to the annual Corporate Responsibility Review, the Group's community contributions are independently verified by the London Benchmarking Group, and disclosures are reviewed and approved by subject matter experts and the relevant executives.

7. KEY GOVERNANCE POLICIES AND PRACTICES

7.1. 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 values and sets out the standards of behaviour that are expected of all Group employees, Directors and contractors.

OUR VALUES



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.

The Board, together with the MD & CEO, sets the 'tone from the top' by consistently demonstrating behaviours that are aligned with Tabcorp's Values and Code of Conduct. The Board oversees and approves material changes to the Code and key policies. The Executive Leadership Team and senior managers are responsible for instilling and reinforcing Tabcorp's values, the Code and Group policies. The Code and key policies are communicated to employees and made available to new starters. Training and awareness of the Code and key policies are provided to employees, and changes are communicated when required. For some employee groups, training is mandatory for specific policies and topics. The Code and all policies are published on the Company's intranet.

Material breaches of the Code and key policies are reported to the Board or relevant Committee as appropriate.

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

7.2. Whistleblower framework

Consistent with our commitment to maintaining a culture of honesty and integrity, Tabcorp has a whistleblower policy and framework to help prevent, detect and respond to any suspected serious misconduct within Tabcorp and to protect whistleblowers. Tabcorp operates the Tabcorp Integrity Protection Service (TIPS), an independent service delivered by Deloitte, for the anonymous and secure reporting of whistleblower matters.

The whistleblower program is overseen by an internal whistleblower committee, chaired by the head of the Internal Audit team as Whistleblower Coordinator. This Committee has accountability and a direct reporting line to the Board with the Chairman of the Audit Committee, and where necessary or appropriate the Chairman of the Board, able to access reports relating to all whistleblower matters and review the action taken. Whistleblower matters and material incidents reported under the Whistleblower Policy are reported to the Audit Committee.

Tabcorp's Whistleblower Policy was updated during the reporting period to align with recent legislative change applicable to whistleblower matters and the Board approved the changes to the policy and to Tabcorp's whistleblower framework. All Directors, officers, senior managers and other relevant team members will receive training regarding their role and responsibilities under the policy. An employee awareness campaign was also implemented to inform all employees of the policy, how whistleblower reports can be made and the protections available to whistleblowers.

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.

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

7.3. 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 regarding the offering and acceptance of gifts and hospitality. All team members and Directors regularly undertake mandatory training regarding the policy. The Board oversees changes to the policy and receives reports of matters where investigations have determined that material fraudulent or corrupt acts have occurred in breach of the policy.

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.

7.4. Responsible gambling

The Group is committed to taking a leadership position in the responsible delivery of its gambling products and support for customers. Customer care is at the core of our approach to responsible gambling. We are committed to complying with, or exceeding, the requirements of relevant legislation in all areas in which we operate.

The Group operates under regulator prescribed Codes of Practice or company initiated Codes of Conduct for applicable 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, UBET, Keno and Lotteries 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 component of Tabcorp's commitment to delivering gambling products responsibly. Directors, employees and contractors are not permitted to gamble whilst on duty, whether on Tabcorp's gambling products or those of another operator, unless it is for an "Approved Use". Gambling off duty is permissible, but only where team members are not in a position to influence the outcome of a particular Tabcorp product. The policy also requires employees to disclose details of their Tabcorp customer accounts.

W Further details about the Group's commitment to responsible gambling are available on page 24 of the Annual Report 2019.

W Also refer to the Responsible Gambling section of Tabcorp's website at www.tabcorp.com.au/sustainability/responsible-gambling.

7.5. Anti-money laundering/counter-terrorism financing

Following the Combination, the Group maintains two anti-money laundering and counter-terrorism financing (AML/CTF) programs: a joint AML/CTF program that applies to the TAB and TGS businesses, and a joint AML/CTF program that applies to the UBET businesses.

As part of an ongoing review, Tabcorp has identified opportunities to improve the Tatts AML/CTF program, systems and controls, and has been progressing efforts to further strengthen the two AML/CTF programs and functions. The two AML/CTF programs are planned to be combined into the one AML/CTF program during 2020 as part of integration.

The two programs and their associated systems are supported by ongoing training and communications to enable employees to understand and keep up to date with their obligations. The Tabcorp Board receives AML/CTF training and regular updates relating to AML/CTF risks 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.

7.6. Sports integrity

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 state, territory and Federal law enforcement bodies, national intelligence organisations, state, territory and Federal crime commissions, corrective services and other government and regulatory bodies.

7.7. 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. Therefore, Tabcorp is a member of various networking forums organised by political parties and Tabcorp personnel attend networking events that support political parties as they participate in the democratic system of parliamentary government in Australia – at both a Commonwealth and state/territory level. Under various Australian laws the cost of these networking forums and events is classified as a political donation.

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 its industry; and
- a bi-partisan approach must be taken as much as is practicable.

The Board has oversight of Tabcorp's Political Donations 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.

During the reporting period, the public policy areas that Tabcorp advocated at networking events included:

- sustainable racing, wagering and lotteries sectors across Australia;
- strong responsible gambling and consumer protection laws; and
- strategic priorities to create value for Tabcorp customers, partners, the community and shareholders.

For the financial year ended 30 June 2019, the Tabcorp Group provided contributions totalling \$258,823 to political parties. Specific details of all political donations for the financial year ended 30 June 2019 will be provided in Tabcorp's annual disclosure report to the Australian Electoral Commission.

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

7.8. Inclusion and Diversity

Tabcorp has an Inclusion and Diversity Strategy and Policy that is consistent with broader business and people priorities. The strategy sets out our commitment to a culture of inclusion and the creation of a bias-free workplace where all are welcomed and respected. The People and Remuneration Committee is responsible for overseeing the policy, monitoring Tabcorp's inclusion and diversity strategy and reviewing progress against measurable objectives established to achieve Tabcorp's gender diversity goals for both the Board and senior management.

The Board has introduced a target for the Tabcorp Board to comprise at least 40% female Non Executive Directors by the end of FY23. The Board has also set a target to have at least 40% female representation in the Senior Leadership Cohort by the end of FY21. For these purposes, the Senior Leadership Cohort comprises the Executive Leadership Team and the senior management team (direct reports to the Executive Leadership Team and their direct reports, as determined by meeting a minimum role size).

During the reporting period, Tabcorp enhanced its inclusion and diversity practices by:

- implementing a new Inclusion and Diversity Strategy, with a three-year plan to become a visible inclusion and diversity leader in our industry and an employer of choice;
- updating the Parental Leave Policy to increase paid leave for primary carers across the Combined Group from 13 weeks to 18 weeks, and reduce the qualifying period from 12 months to three months; and
- adopting a new Domestic and Family Violence Support Policy which provides unrestricted paid leave for people experiencing violence to seek safety or find support, 10 days paid carer's leave for those who may be supporting others experiencing violence, a financial allowance of up to \$2,500, access to removalist services for an emergency move, and other arrangements.

Also, our annual gender pay gap analysis found that there was no pay gap in like-for-like roles between male and females across the Group.

These initiatives have supported Tabcorp being recognised for the fourth successive year as an Employer of Choice for Gender Equality by the Workplace Gender Equality Agency.

These initiatives also helped support our gender diversity measures which, while largely unchanged from the prior year, were impacted by significant organisational change following the Tabcorp-Tatts combination. As at 30 June 2019, the proportion of female employees across the Group was:

- 29% of the Non Executive Directors (up from 25%⁽ⁱ⁾);
- 30% of the Executive Leadership Team (unchanged⁽ⁱ⁾);
- 36% of the Senior Leadership Cohort (unchanged⁽ⁱ⁾); and
- 43% of the entire Group (unchanged⁽ⁱ⁾).

(i) – prior year comparison as at 30 June 2018.

W Tabcorp’s Inclusion and 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 targets | |
|--|---|
| 40% | 40% |
| female Non Executive Directors on the Board by the end of FY23 | of females in the Senior Leadership Cohort by the end of FY21 |

7.9. Securities Trading Policy

Tabcorp has a policy regarding trading in Tabcorp securities which applies to all Directors, employees and contractors (and their associates). Directors, executives reporting directly to the MD & CEO (Executives), all direct reports to those Executives (Executive Direct Reports), and their associates must obtain prior approval to trade in Tabcorp securities and are not permitted to trade during Blackout Periods and must comply with 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 (inclusively);
- 1 July and end on the day Tabcorp announces its preliminary full year results (inclusively); and
- 1 October and end on the day of Tabcorp’s AGM (inclusively).

The Tabcorp Board, Chairman, MD & CEO, or Company Secretary may also determine that a Blackout Period will apply for such length and at such time, and apply to certain other employees, as appropriate.

The policy sets out the process for Directors, Executives and Executive Direct Reports to obtain prior approval to trade in Tabcorp securities. Approval to trade in Tabcorp securities during a Blackout Period or within 12 months of acquisition will only be granted in exceptional circumstances, as set out in the policy.

The policy prohibits employees participating in any of Tabcorp’s employee or executive equity or incentive plans from hedging the value of Restricted Shares or unvested Performance Rights. The policy also contains restrictions on margin lending, short selling and engaging in speculative short term investing in relation to Tabcorp securities.

The policy prohibits all Tabcorp personnel from dealing in securities at any time if they are in possession of price sensitive inside information.

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.

7.10. Non Executive Director Shareholding Policy

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

Non Executive Directors are required to reach the applicable threshold within three years from appointment, or by 14 December 2020 (the third anniversary of the Combination), whichever is the later. All Directors satisfy the policy as at the date of this statement.

U The details of Tabcorp securities held by Directors are available in the Directors' Report on page 31 of the Annual Report 2019.

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

7.11. Executives' Shareholdings Policy

The Executives' Shareholdings Policy sets mandatory minimum shareholding requirements applicable to members of the 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 MD & CEO is required to hold the equivalent of a minimum of two times his annual fixed remuneration, while other executives are required to hold the equivalent of a minimum of one times their annual fixed remuneration in Tabcorp shares.

The minimum shareholding threshold must be achieved within five years from the date the executive is appointed into their role, or 14 December 2022 (the fifth anniversary of the Combination), whichever is the later. Performance Rights are not counted towards this threshold. All Executive Leadership Team members satisfy the policy as at the date of this statement.

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

U The details of Tabcorp shares held by executive key management personnel are available in the Remuneration Report on page 72 of the Annual Report 2019.

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.

7.12. Continuous disclosure

Tabcorp is committed to providing the market with timely, accurate and balanced disclosure in accordance with its obligations under the Corporations Act 2001 (Cth) and ASX Listing Rules and has a Market Disclosure Policy which outlines how Tabcorp complies with its continuous disclosure obligations. Under the policy, the Board is responsible for overseeing Tabcorp's continuous disclosure obligations, including reviewing and approving disclosure of matters that are significant or within the reserved powers of the Board, including significant profit upgrades or downgrades, dividend policy or declarations, company-transforming events, significant corporate actions and matters of strategic significance. However the Board may consider any continuous disclosure matters.

A Disclosure Committee has been established comprising MD & CEO, CFO, GGC and the Company Secretary and is responsible for reviewing potentially disclosable information, referring such information to the Board (where appropriate), overseeing announcements to the market or any other action that may be required (e.g. a trading halt request). The Company Secretary is the Disclosure Officer with responsibility for the day-to-day administration of and compliance with the policy, including coordinating the disclosure of information to the ASX. All employees are required to escalate potentially market sensitive information to a member of the Disclosure Committee or the Disclosure Officer as soon as they become aware of it.

Under the policy, only authorised spokespersons may speak on the Group's behalf to financial market participants (e.g. analysts, brokers, brokers and institutional investors). Authorised spokespersons must not disclose any market sensitive information that hasn't already been announced to the market or make comment on anything that may have a material effect on the price or value of the Tabcorp's securities. Tabcorp has an External Communications Policy which covers dealing with enquiries from the media and other non-financial market external communications.

Tabcorp releases to the ASX all new investor and analyst presentation materials and AGM speeches prior to the presentations commencing. Tabcorp publishes all ASX announcements made on its website and the Board promptly receives by email copies of all ASX announcements made by the Company. Continuous disclosure is a standing agenda item at all Board meetings, and the Board considers whether any matters dealt with at a Board meeting require disclosed to the ASX in accordance with Tabcorp's continuous disclosure obligations.

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

7.13. Executive induction, performance assessment and succession

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.

Formal performance reviews are conducted every year for each employee, including the MD & CEO and senior executives. Individual performance is assessed using a balanced scorecard setting out specific targets spanning financial, strategic, customer, organisation and people dimensions that are aligned to, and support, the Group's annual objectives and whether the employee has exhibited Tabcorp's values. At the end of the financial year, the performance of the MD & CEO is reviewed by the Board, and the People and Remuneration Committee, and the MD & CEO reviews the performance of each senior executive. Performance reviews for the MD & CEO and senior executives were undertaken in relation to the end of the 2019 financial year and at other intervals during the year in accordance with the process described above. For senior managers who participate in the Company's Short Term Incentive scheme, any annual short term incentive awards are linked to the outcome of their individual performance review, as well as Group performance and business unit performance (as applicable to the role).

The Group has a succession plan for members of the Executive Leadership Team, which identifies the suitable candidates for possible future leadership roles. The plan identifies high calibre senior managers with the necessary and desirable experience and capabilities that best meet the organisation's needs, and includes programs to further develop leadership potential to support the continuity of the Executive Leadership Team.

☞ Refer to the Remuneration Report on pages 42 to 72 of the Annual Report 2019 for further information regarding the performance outcomes relevant to senior executives who were key management personnel during the reporting period.

7.14. 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.

Our corporate responsibility strategy aims to deliver long term, sustainable value for shareholders, employees, stakeholders, and the community. The strategy aligns with Tabcorp's vision to be **The Trusted Gambling Entertainment Company**.

Tabcorp's corporate responsibility framework is founded on the following pillars:

THE FIVE PILLARS OF TABCORP'S CORPORATE RESPONSIBILITY FRAMEWORK



Tabcorp publishes on its website an annual Corporate Responsibility Review which details the activities undertaken by Tabcorp to support this framework.

☞ Tabcorp's commitment to corporate responsibility is discussed further in the Annual Report 2019 on pages 23 to 27.

W Tabcorp's Corporate Responsibility Review is published and accessible from Tabcorp's website at www.tabcorp.com.au/sustainability.

W Details about Tabcorp's corporate responsibility practices are available from the Corporate Responsibility section of Tabcorp's website at www.tabcorp.com.au/corporate-responsibility.

7.15. Engaging with shareholders

The Tabcorp Shareholder Communications Policy sets out the Group's procedures and guidelines for keeping shareholders, as well as other stakeholders, informed about the Group. Tabcorp is committed to communicating openly and in a timely manner through Tabcorp's website, Annual Report, dividend mailings, email broadcasts, the ASX, and other means where appropriate.

The Tabcorp website provides a range of information about the Group, and a facility for interested persons to receive email notifications of all major Tabcorp news releases. Major announcements and presentations, such as the annual and half year results and the AGM, are webcast live on Tabcorp's website and archived for at least twelve months.

Tabcorp and its share registry provide 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 share registry's 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. Shareholders can contact Tabcorp's share registry, Link Market Services Limited, or Tabcorp directly by email, phone or mail. 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. All resolutions which are voted on at the AGM are decided by a poll, rather than by a show of hands, to enable all shareholders and proxyholders who cast their proxies to be included in the voting process, including those who cannot attend the AGM in person.

Tabcorp has an investor relations function that facilitates a program of engagement with institutional investors, prospective investors and broker analysts. This program is aligned to Tabcorp's broader stakeholder engagement program, with a focus on providing periodic events and other forums for Tabcorp management to engage with institutional investors. The Board and senior management are regularly updated regarding the progress with the investor relations program, and are informed of significant comments or concerns raised by investors, organisations that representative investors and shareholders, and proxy advisor groups.

I Shareholder related information is available at the back of the Annual Report 2019 on pages 129 to 131.

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

