

# **Tabcorp**

## **Risk and Compliance Committee Terms of Reference**

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## **1 Introduction to the Terms of Reference**

### **1.1 General**

This Risk and Compliance Committee Terms of Reference sets out the principles governing the Risk and Compliance Committee of the Board of Tabcorp.

The Risk and Compliance Committee is a committee of the Board of Tabcorp established under Rule 90 of the Company's Constitution.

### **1.2 Board approval**

The Board has approved the Risk and Compliance Committee Terms of Reference. The Board may approve updates and amendments to the Risk and Compliance Committee Terms of Reference from time to time.

### **1.3 Definitions**

Unless the contrary intention is expressed in the Terms of Reference, the following words (when used in this Risk and Compliance Committee Terms of Reference) have the meaning set out below:

**Board** means the Board of Directors of Tabcorp from time to time.

**Company** means Tabcorp, having its registered office at 5 Bowen Crescent, Melbourne, Victoria, 3004.

**Committee** means Risk and Compliance Committee of the Board of Tabcorp.

**Director** means a person appointed as a Director of Tabcorp.

**Tabcorp** means Tabcorp Holdings Limited (ACN 063 780 709) and its controlled entities.

## **2 Role of the Committee**

The purpose of the Committee is to assist the Board, and exercise due care, diligence and skill in fulfilling its responsibilities to shareholders, by:

- (a) Reviewing and approving the Company's risk and compliance policies and frameworks;
- (b) Assessing the appropriateness of risk and compliance management systems, related control processes, and reporting systems;
- (c) Monitoring the effectiveness of systems and processes in place to ensure compliance requirements are being satisfied and well performed (other than the financial reporting obligations for which the Audit Committee is responsible);
- (d) Evaluating the effectiveness of the Company's systems and controls to monitor and manage risks that are significant to the fulfilment of the Company's business objectives; and

- (e) Ensuring that sufficient resources are dedicated to managing risk and compliance.

## **3 Duties and Responsibilities of the Committee**

### **3.1 Key responsibilities**

The Committee's key responsibilities relevant to its role include:

#### ***Risk Management***

- (a) Evaluating the internal processes for identifying, assessing, monitoring and managing key risk areas after considering the Board approved Risk Management Policy;
- (b) Assessing reports covering key risk areas, including risk profiles, at every meeting;
- (c) Monitoring the effectiveness of Tabcorp's risk management processes, risk mitigation strategies and controls and reporting systems;
- (d) Assessing whether management has appropriate controls in place for unusual types of transactions and/or any particular transactions that may carry more than an acceptable degree of risk;
- (e) Ensuring the Company operates within the risk profile and risk appetite approved by the Board, and reviewing the Managing Director and Chief Executive Officer's and Chief Financial Officer's certifications to the Board; and
- (f) Assessing the adequacy of Tabcorp's fraud and corruption control processes.

#### ***Compliance Management***

- (g) Approving key compliance policies and assessing their effectiveness over time;
- (h) Being apprised of significant legal and regulatory matters that may have a material impact on the Company's reputation;
- (i) Considering how new and proposed regulations will affect Tabcorp, and monitoring them in the context of the Company's projected business performance;
- (j) Making certain that adequate systems are in place to ensure that requisite statutory reports are carried out and license conditions are adhered to;
- (k) Fostering an appropriate standard of corporate governance and ethics in Tabcorp;
- (l) Reviewing the effectiveness of Tabcorp's systems, processes and controls to manage compliance and ensuring that legal and regulatory obligations are met;
- (m) Supporting innovation in compliance development, procedures and processes;
- (n) Ensuring that compliance management and systems are consistent with the Compliance Policy and Framework; and
- (o) Reviewing findings of any examination, enquiries, or litigation initiated by regulatory agencies.

## **3.2 Other responsibilities**

The Committee will perform other oversight functions as requested by the Board.

The duties and responsibilities of a member of the Committee are in addition to those set out for a member of the Board.

## **4 Composition and Structure of the Committee**

### **4.1 Composition**

The Committee should be of sufficient size, independence and technical expertise to conduct its duties effectively. The Committee will comprise at least three members appointed by the Board. All members must be independent non-executive Directors and care should be taken to avoid any potential conflict of interest. Members of the Committee shall be considered to be independent so long as they do not have any relationship with Tabcorp that may interfere with the exercise of independent judgement. This means they shall not accept any consulting, advisory, or other compensatory fee from the Company and are not an affiliated person of Tabcorp or its related entities.

The Board will appoint one of the Committee members as the Chairman of the Committee. The Committee Chairman may not be the Chairman of the Board.

Other members of the Board of Directors are entitled to attend Committee meetings, but will not be entitled to vote on any matter being considered by the Committee.

### **4.2 Removal or resignation**

If a member of the Committee ceases to be a Director of the Company, that member ceases to be a member of the Committee. The Board may remove a member of the Committee.

### **4.3 Secretary**

The Secretary of the Committee is the Company Secretary. The Secretary of the Committee will be responsible, in conjunction with the Chairman of the Committee, for determining the agenda for each meeting.

## **5 Meetings of the Committee**

### **5.1 Frequency**

The Committee will meet as frequently as required but not less than four times a year.

The Committee may call such additional meetings as the Chairman of the Committee decides are necessary for the Committee to fulfil its duties.

In addition, the Chairman of the Committee is required to call a meeting of the Committee when requested to do so by a Committee member, the Managing Director and Chief Executive Officer, the Chief Financial Officer, or the Company Secretary.

## **5.2 Minutes of meetings**

The Committee's Secretary will be responsible for keeping and circulating the minutes of Committee meetings.

Minutes shall be distributed to all Committee members after the Committee Chairman has given the preliminary approval.

The minutes of Committee meetings will be approved by the Committee and signed by the Chairman of the Committee.

Minutes, agenda and supporting papers shall be made available to any Director upon request to the Secretary, providing no conflict of interest exists.

To the extent practicable, copies of the minutes of each Committee meeting will be included in the papers for the next Board meeting after each meeting of the Committee.

## **5.3 Meeting attendance**

Unless otherwise directed by the Board, the Managing Director and Chief Executive Officer and the Chief Financial Officer will attend each meeting of the Committee. The Committee may invite other people or employees to attend meetings when necessary.

## **5.4 Quorum, voting and resolutions**

A quorum will comprise any two Committee members. Should the Chairman be absent from any meeting, and there are at least two members still present, the members of the Committee present shall appoint one of their number to be Chairman of that meeting.

Each Committee member will have one vote. Questions arising at any meeting of the Committee are decided by a majority of votes. In the case of an equality of votes, the Chairman of the Committee meeting has a second and casting vote (except when only two Committee members are eligible to vote on the question).

The Committee may pass resolutions by circular resolution by adopting the procedures set out in Tabcorp's Constitution.

Members of the Committee will not participate in discussions and will not vote on any issue in respect of which there is an actual or perceived conflict of interest.

## **6 Reporting to the Board**

The Committee shall:

- (a) Ensure the Board is aware of matters that may impact significantly the financial condition or affairs of the business;
- (b) To the extent practicable, include copies of the minutes of each Committee Meeting in the papers for the next full Board meeting after each meeting of the Committee;
- (c) Report to the Board as soon as practicable after becoming aware of any significant breach, or suspected breach of compliance standards, laws, regulations or other legal obligations; and
- (d) Update the Board about Committee activities and make recommendations.

## **7 Independent External Advice**

The Committee may engage an independent external adviser in relation to any Committee matter, at the expense of the Company.

A Committee member may engage an independent external advisor in relation to any Committee matter, at the expense of the Company, although before the external advice is sought, consent must be obtained from the Chairman of the Board.

The Chairman of the Committee may determine that any external advice received by an individual Committee member be circulated to the other Directors of the Company.

## **8 Access to employees, other persons and resources**

The Committee may:

- (a) Access any employee or other individual and ask questions relating to Committee matters;
- (b) Access internal and external auditors;
- (c) Access all relevant Company records;
- (d) Invite any employee or other individual to attend a meeting of the Committee; and
- (e) Access the Company's resources to enable the Committee to discharge its duties as the Committee considers appropriate.

## **9 Assessment and Evaluation of Committee**

A performance evaluation of the Committee against the requirements of the Committee Terms of Reference will be conducted regularly. The Board will evaluate regularly the effectiveness of the Committee.

## **10 Access to the Terms of Reference**

The Committee Terms of Reference will be available for viewing by any person on the Company's website or a copy will be sent upon request.

## **11 Review of the Terms of Reference**

The Committee Terms of Reference is subject to regular review and will be amended (as appropriate) to reflect current best practice in corporate governance and the duties and responsibilities of Committees. Any amendments will be in accordance with respective Stock Exchange requirements and the Terms of Reference should encompass all mandatory regulatory requirements. The Board will review regularly the Committee Terms of Reference.