

# Corporate governance

## 1. Tabcorp's approach to corporate governance

Tabcorp's Board of Directors and management strongly support the principles of good corporate governance, and are committed to building on the Group's strong reputation for integrity. This is particularly important given the highly regulated industry in which the Tabcorp Group operates, and is essential for increasing our opportunities to win and retain gambling licences, and for the long term sustainability of our businesses.

The Group's corporate governance practices are reviewed regularly and will continue to be developed and refined to meet the needs of the Group and best practice.

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

- *Corporations Act 2001* (Cth);
- Australian Securities Exchange *Listing Rules*;
- State legislation governing the licences issued to the Tabcorp Group to conduct gambling and related activities; and
- *Australian Standard AS 8000 – Good Governance Principles*.

This corporate governance statement outlines the Tabcorp

Group's main corporate governance practices and policies in place throughout the financial year and at the date of this report.

🔗 This corporate governance statement and other related information is available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

## 2. ASX Corporate Governance Principles

The Tabcorp Group adopts the "Principles of Good Corporate Governance and Best Practice Recommendations" which were published by the Australian Securities Exchange Corporate Governance Council (ASX CGC) in March 2003. The Group complies with these principles and recommendations. Statements in this corporate governance section have been referenced to the applicable ASX CGC Best Practice Recommendation and are indicated by the symbol .

The Tabcorp Group is reviewing the ASX CGC's revised principles and recommendations published in August 2007 to ensure appropriate measures are taken with the aim of complying with best practice for disclosure in next year's annual report.

🔗 The ASX CGC "Principles of Good Corporate Governance and Best Practice Recommendations"

are available from the ASX website at [www.asx.com.au/supervision/governance/index.htm](http://www.asx.com.au/supervision/governance/index.htm).

## 3. Composition of the Board

At the date of this report, the Board comprised five independent Non Executive Directors, including the Chairman, and the Managing Director and Chief Executive Officer. Director independence is discussed in section 5.

Mrs Jane Hemstritch and Mr Brett Paton will commence as Non Executive Directors subject to receiving all necessary regulatory approvals.

Each of the Board's Committees is composed exclusively of independent Non Executive Directors.

Details of the Directors, their qualifications and experience are included on pages 10, 11 and 22.

From time to time as the Tabcorp Group grows and its field of activities changes, it may be appropriate to make changes to the composition of the Board to ensure that it comprises Directors with the necessary and desirable experience and competencies. Board succession planning is discussed in section 23.

Tabcorp's Constitution requires that the number of Directors (not including alternate Directors)

shall not exceed twelve, nor be less than three. A Director, other than any Managing Director, may not hold office for a continuous period in excess of three years or past the third annual general meeting following the Director's last election or re-election to the Board, whichever is the longer, without submitting for re-election. The Board has the power to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board, subject to receiving all necessary regulatory approvals, but that person must stand for election at the following annual general meeting.

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

🔗 Tabcorp's Constitution is available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

🔗 The terms of reference for each of the Board Committees are available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

✔ ASX CGC's Best Practice Recommendations 1.1, 2.1, 2.2, 2.3, 2.5, 4.5

## 4. Responsibilities and functions of the Board

The Board has overall responsibility for reviewing and approving the policies and procedures put in place to maintain the highest levels of corporate governance for the Tabcorp Group. The Board's role also includes:

- Reviewing and approving the strategic direction, budgets and business plans prepared by management;
  - Assuring itself of the effectiveness of arrangements for the governance of the Tabcorp Group including:
    - The quality of the executive team;
    - The appropriateness of organisational arrangements and structure; and
    - The adequacy of internal controls and processes;
  - Overseeing performance against targets and objectives; and
  - Overseeing reporting to shareholders and other stakeholders on the direction, governance and performance of the Tabcorp Group.
- ✔ ASX CGC's Best Practice Recommendation 1.1

## 5. Director independence

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

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

Details of offices held by Directors with other organisations are set out on pages 10, 11, 22 and 23.

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

All of the Non Executive Directors of Tabcorp at the date of this report have been determined to be independent Directors. In reaching that determination, the Board has taken into account (in addition to the matters set out above):

- The specific disclosures made by each Director as referred to above;
- That no Director is, or is associated directly with, a substantial shareholder of Tabcorp;
- That no Non Executive Director has ever been employed by Tabcorp or any of its subsidiaries;
- There are no related party dealings referable to a Director which are material under accounting standards;
- That no Director is, or is associated with, a supplier, professional adviser, consultant to or customer of the Tabcorp Group which is material for the purposes of the ASX CGC recommendations regarding best practice corporate governance, given that any fees paid by Tabcorp to any organisation associated with a Director were less than 1% of annual earnings for both Tabcorp and the respective organisation, and that any remuneration received by a Director from any such organisation was not impacted in any way by the fees paid by Tabcorp; and

- That no Non Executive Director personally carries on any role for the Tabcorp Group other than as a Director of Tabcorp.

Tabcorp does not consider that term of service on the Board should be considered as a factor affecting a Director's ability to act in the best interests of the Tabcorp Group.

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

- ✓ ASX CGC's Best Practice Recommendations 2.1, 2.2, 2.3, 2.5, 4.3, 4.5

## 6. Other directorships

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

Details of the directorships for each Director are available on page 23.

- ✓ ASX CGC's Best Practice Recommendations 2.1, 2.5

## 7. Board and Committee meetings

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

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

The Company Secretary is responsible for coordinating and distributing materials for Board meetings, shareholder meetings and Board Committee meetings.

The appointment and removal of the Company Secretary is a matter for discussion by the Board as a whole.

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.

The number of Board and Committee meetings and the attendance of each Director are set out on page 27.

- ✓ ASX CGC's Best Practice Recommendations 2.5, 4.5, 8.1, 9.5

## 8. Committees of the Board

To assist the Board in achieving the highest standards of corporate governance, the Directors involve themselves with the critical areas of the Group's activities through Board Committees, with specific responsibilities for:

- Audit (see section 9);
- Risk and compliance (see section 10);
- Remuneration (see section 11); and
- Nomination / succession planning (see section 12).

Board Committee membership is restricted to Non Executive Directors only.

All Non Executive Directors are members of the Audit Committee and the Risk and Compliance Committee, in addition to membership of other Board Committees as appointed. Tabcorp's Board Committee arrangements reflect similar board committee structures in other large Australian companies.

- 🔗 The terms of reference for Tabcorp Board Committees are available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

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## 9. Audit Committee

The Audit Committee provides the Board with additional assurance regarding the quality and reliability of financial information used by the Board and financial statements issued by Tabcorp.

The key responsibilities of the Audit Committee are:

- Oversee compliance with statutory responsibilities relating to financial disclosure, and approval of full year and half year financial statements as well as the financial statements in the annual report;
- Review the activities of the internal audit function and the external auditor (Ernst & Young) and review their performance on an annual basis;
- Review the adequacy of the Group's internal controls, financial accounting policies and related practices;
- Monitor related party transactions and potential conflicts of interest; and
- Review the process for management assurance to the Board (refer to section 15 of this corporate governance statement for more information).

The Chairman of the Audit Committee is required to meet with the external auditor in the absence of management. The Chairman of the Audit Committee is also required to meet with Tabcorp's Group General Manager Internal Audit at least twice a year.

The annual internal audit program and the scope of work to be performed is set in consultation with the Audit Committee. The Committee approves the annual internal audit program and reviews progress and reports made pursuant to that program.

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

## Composition of the Audit Committee

Chairman:

**Paula Dwyer**

Members:

**Anthony Hodgson**

**John O'Neill**

(commenced on 9 May 2008)

**Michael Robinson**


(retired on 26 November 2007)

**Philip Satre**

(retired on 26 November 2007)

**John Story**

**Zygmunt Switkowski**

 The terms of reference for the Audit Committee are available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

- ✓ ASX CGC's Best Practice Recommendations 1.1, 2.5, 4.2, 4.3, 4.4, 4.5, 6.2, 7.1, 7.3

## 10. Risk and Compliance Committee

The main responsibilities of the Risk and Compliance Committee are:

- Reviewing and approving the Group's risk and compliance policies and frameworks;
- Assessing the appropriateness of risk and compliance management systems, related control processes, and reporting systems;

- Monitoring the effectiveness of systems and processes in place to ensure compliance requirements are being satisfied and performing adequately (other than the financial reporting obligations for which the Audit Committee is responsible);
- Evaluating the effectiveness of the Group's systems and controls to monitor and manage risks that are significant to the fulfilment of the Group's business objectives; and
- Ensuring that sufficient resources are dedicated to managing risk and compliance.

Additionally, the Tabcorp Group has an Executive Risk and Compliance Committee, and also Management Risk and Compliance Committees for each division to:

- Establish a platform to coordinate risk management and compliance across all parts of the business in an efficient, effective and consistent manner;
- Provide a stronger risk management and compliance focus through principled leadership;
- Monitor and report on risk management and compliance activities; and
- Transfer organisational learning.

## Composition of the Risk and Compliance Committee

Chairman:

**John O'Neill**

(commenced on 9 May 2008)

**John Story<sup>(i)</sup>**

(ceased on 9 May 2008)

Members:

**Paula Dwyer**

**Anthony Hodgson**

**Michael Robinson**

(retired on 26 November 2007)


**Philip Satre**

(retired on 26 November 2007)

**John Story<sup>(i)</sup>**

**Zygmunt Switkowski**

(i) Ceased as Chairman of the Risk and Compliance Committee on 9 May 2008, and remains a member of the Committee.

 The terms of reference for the Risk and Compliance Committee are available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

- ✓ ASX CGC's Best Practice Recommendations 1.1, 2.5, 7.1, 7.3, 10.1

## 11. Remuneration Committee

The Remuneration Committee has responsibility for, among other things:

- Reviewing and making recommendations to the Board on remuneration packages and policies applicable to Directors, the Managing Director and Chief Executive Officer, and senior executives reporting to the Managing Director and Chief Executive Officer;
- Approving the Tabcorp Group's general remuneration practices and policies, including terms and conditions of any employee share ownership and option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements;
- Reviewing and approving participation of executives in incentive plans, including option and share plans;
- Agreeing benchmarks for employee salary reviews; and
- Overseeing the preparation of the annual Remuneration Report.

The Chairman of the Remuneration Committee is also the Chairman of the Tabcorp Superannuation Policy Committee, which oversees the superannuation plan offered to Tabcorp Group employees. The Tabcorp Superannuation Policy Committee meets quarterly to review the management of the plan

(managed by an external provider), the plan's overall investment strategy and member issues.

Tabcorp's shareholders had approved previously retirement benefits being made available to present and future Non Executive Directors, however the Board decided to terminate retirement benefits for all Non Executive Directors, effective 30 June 2003.

Details relating to the remuneration of Directors, the Managing Director and Chief Executive Officer, the Company Secretary and other senior executives of the Tabcorp Group are set out in the Remuneration Report on pages 30 to 47.

### Composition of the Remuneration Committee

Chairman:


**Zygmunt Switkowski**

Members:

**Paula Dwyer**

**Michael Robinson**  
(retired on 26 November 2007)

**John Story**  
(commenced on  
28 November 2007)

 The terms of reference for the Remuneration Committee are available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

- ✓ ASX CGC's Best Practice Recommendations 2.5, 9.1, 9.2, 9.3, 9.4, 9.5

## 12. Nomination Committee

The main responsibilities of the Nomination Committee are to:

- Manage a process to identify suitable candidates for appointment to the Board and Board Committees;
- Make recommendations to the Board regarding succession planning for the Board;
- Annually review the skills, experience and attributes required of Directors to discharge the Board's duties and the extent to which they are represented in the composition of the Board and each Board Committee;
- Facilitate an independent three yearly assessment of the effectiveness and performance of the Board, Board Committees and Directors (refer to section 22 for further information); and
- Ensure that an effective Board induction process is in place (refer to section 24 of this corporate governance statement for more information).

### Composition of the Nomination Committee

Chairman:

**John Story**<sup>(i)</sup>  
(commenced on  
28 November 2007)

**Michael Robinson**  
(retired on 26 November 2007)


Members:

**Paula Dwyer**

**Anthony Hodgson**

**John Story**<sup>(i)</sup>

(i) Was a member of the Nomination Committee throughout the financial year ended 30 June 2008, and commenced as Chairman of the Committee on 28 November 2007.

 The terms of reference for the Nomination Committee are available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

- ✓ ASX CGC's Best Practice Recommendations 2.4, 2.5, 8.1

## 13. Internal control framework

The Board reviews and approves the internal control structure of the Tabcorp Group. This includes the role performed by the Group's internal audit, risk management and compliance functions.

Also, the Group's strategic plan (see section 26) and a detailed budget are prepared annually and subject to the approval of the Directors.

Forecasts for the Tabcorp Group and each of the operating divisions are regularly updated and reported to the Board throughout the year to enable Directors to monitor performance against the annual budget.

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

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

During the financial year, the Tabcorp Group's internal audit function was a co-sourced arrangement, jointly resourced by Tabcorp and KPMG. Internal audit reports are regularly submitted to the Chief Financial Officer, to

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the Audit Committee and, where appropriate, to the Board. The Audit Committee approves the internal audit plan annually.

The Tabcorp Compliance Policy and Framework was developed to align with:

- Australian Standard 3806-2006 – Compliance Programs;
- Australian Standard 8000 – Good Governance Principles;
- Applicable legislation; and
- The Tabcorp Group's organisational structure and strategy.

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

- 🔗 The standards AS 3806 – Compliance Programs and AS 8000 – Good Governance Principles are available from SAI Global's website at [www.saiglobal.com](http://www.saiglobal.com).
- ✅ ASX CGC's Best Practice Recommendations 1.1, 3.1, 3.3, 7.1, 7.3

### 14. Management of risk

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

During the financial year Tabcorp's Group Risk and Compliance department updated and monitored the risk profiles for each of the Group's key operating divisions, namely Casinos, Gaming and Wagering, and all major projects. These profiles identify the:

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

The risk profiles for each key operating division are reported to the Board Risk and Compliance Committee and are considered as part of the annual internal audit planning process. Risks identified within each business are transferred to an on-line risk management system, which provides ongoing reporting and enhances the monitoring of the risk profiles throughout the year.

The Tabcorp Group's Risk Management Framework is based on concepts and principles identified in The Australian/New Zealand Standard on Risk Management (AS/NZS 4360).

The risk framework, policies and procedures will continue to be enhanced as the Tabcorp Group's existing operations develop and its range of activities expands. The implementation of these policies and procedures is monitored and reviewed at least annually by the Board Risk and Compliance Committee.

🔗 The terms of reference for the Risk and Compliance Committee are available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

🔗 The standard AS/NZS 4360 – Risk Management is available from SAI Global's website at [www.saiglobal.com](http://www.saiglobal.com).

- ✅ ASX CGC's Best Practice Recommendations 7.1, 7.3

### 15. Management assurance

At the Board meetings to approve the Tabcorp Group's annual and half yearly results, the Board received and considered statements in writing from the Managing Director and Chief Executive Officer and the Chief Financial Officer in relation to the

Tabcorp Group's system of risk oversight and management and internal control in accordance with ASX CGC principles.

The certificate of assurance stated that the financial statements have been prepared in conformity with generally accepted accounting principles and that they gave a true and fair view of the state of affairs of Tabcorp and of the Tabcorp Group.

The certificate of assurance also stated that the risk management and internal compliance and control systems were operating effectively, in all material respects, based on the AS/NZS 4360 – Risk Management standard adopted by the Tabcorp Group. The certificate of assurance also includes statements that all information has been made available to the external auditor, and that there were not any irregularities or significant issues identified that would have a material impact on the Tabcorp Group.

🔗 The standard AS/NZS 4360 – Risk Management is available from SAI Global's website at [www.saiglobal.com](http://www.saiglobal.com).

- ✅ ASX CGC's Best Practice Recommendations 1.1, 4.1, 4.5, 7.2, 7.3

### 16. Code of Conduct

The Tabcorp Group has a group-wide Code of Conduct. Compliance with the Code of Conduct and associated policies, guidelines and procedures is a requirement for all employees, Directors and contractors of the Tabcorp Group. The Code is founded on the Tabcorp Group's values, and establishes the behaviour that is expected from all employees, Directors and contractors, including the maintenance of ethical standards, honesty, teamwork, fairness, courtesy and integrity.

The Code includes, among other things, references to specific Tabcorp Group policies regarding money laundering, corruption, bribery, bullying and harassment, equal opportunity in the workplace, insider trading, whistleblowing, conflicts of interest and restrictions on the use of the Group's gambling products.

Additional codes exist in the Tabcorp Group's Casinos division that cover property-specific casino matters, and which support the Code of Conduct.

In addition to adhering to the high ethical standards set by the Code of Conduct, Tabcorp's Directors and key personnel are also required to undergo extensive probity investigation and clearance by the New South Wales Casino Control Authority, Queensland Office of

Gaming Regulation, Tasmanian Gaming Commission, Victorian Commission for Gambling Regulation, and in overseas jurisdictions.

🔗 Tabcorp's Code of Conduct is available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

✅ ASX CGC's Best Practice Recommendation 3.1, 3.3, 10.1

## 17. Tabcorp Integrity Protection Service (TIPS)

TIPS is an independent, anonymous crime and misconduct reporting service delivered by Deloitte, an international consulting and forensic investigations specialist. It is one of Tabcorp's processes to prevent, detect, and respond to crime and misconduct.

TIPS is available 24 hours a day and 365 days a year to Tabcorp's people and stakeholders in Australia and overseas.

The program is managed by the Tabcorp Group's compliance team and has accountability at the highest levels with the Chairman of the Board Risk and Compliance Committee able to access reports relating to all employees and review the action taken. TIPS was introduced to achieve Australian and international best practice, reflecting Tabcorp's commitment to integrity and befitting the

responsibilities of a publicly listed company.

🔗 Tabcorp's commitment to integrity and information regarding TIPS are available from the Integrity section of Tabcorp's website at [www.tabcorp.com.au/about\\_integrity.aspx](http://www.tabcorp.com.au/about_integrity.aspx).

🔗 Further information on TIPS is available from its website at [www.tips.deloitte.com.au](http://www.tips.deloitte.com.au).

✅ ASX CGC's Best Practice Recommendation 3.1, 3.3, 10.1

## 18. Responsible Gambling Code of Practice

The Tabcorp Group is committed to taking a leadership position in relation to the responsible delivery of its products and the support provided for customers.

The Tabcorp Responsible Gambling Code of Practice sets common standards for the responsible delivery of gambling products for all of the Group's gambling operations and venue facilities.

In early 2008, the Tabcorp Group engaged KPMG to conduct an independent review of compliance with the Code's requirements across the entire Tabcorp Group.

The review found that:

■ Tabcorp and its operating divisions continue to display a strong commitment to upholding responsible gambling practices;

- There were improvements from the previous review; and
- There were no material new issues of concern.

The Tabcorp Group will continue to refine its responsible gambling practices to strengthen its commitment to this important industry issue.

Further details about the Tabcorp Group's commitment to responsible gambling are available on page 8 of this report and on Tabcorp's website.

🔗 The Tabcorp Responsible Gambling Code of Practice is available from the Responsible Gambling section of Tabcorp's website at [www.tabcorp.com.au/responsible.aspx](http://www.tabcorp.com.au/responsible.aspx).

✅ ASX CGC's Best Practice Recommendations 3.1, 3.3, 10.1

## 19. Share trading policy

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

Directors, executives reporting directly to the Managing Director

and Chief Executive Officer ("Executives"), all direct reports to those Executives ("Executive Direct Reports"), and their associates may only trade in Tabcorp's securities during Trading Windows, and subject to the requirements set out in the policy.

Trading Windows are the period of one month following Tabcorp's annual general meeting and the release of the Tabcorp Group's annual and half yearly results.

Even during a Trading Window, anyone possessing inside information may not trade, arrange for someone else to trade, or pass information to someone they know or ought reasonably to know may use the information to trade (or procure another person to trade) Tabcorp securities. The Board may specify other periods and circumstances which restrict the trading of Tabcorp securities, such as during a takeover bid.

Each Director is required to obtain written approval from the Chairman prior to the Director or an associate of a Director trading in Tabcorp securities, even during a Trading Window. In the case of a proposed trade by the Chairman or their associate, approval is required from the Deputy Chairman.

If any Executive or Executive Direct Report or any associate of an Executive or Executive Director Report wishes to trade in Tabcorp's

securities at any time, even during a Trading Window, the Executive or Executive Direct Report must obtain the prior written approval of either the Company Secretary or the Managing Director and Chief Executive Officer.

The policy also contains restrictions on margin lending. Directors, Executives and Executive Direct Reports must receive prior consent from the Chairman (in the case of the Chairman, prior consent from the Deputy Chairman) before entering into margin loans or similar financing arrangements.

The details of Tabcorp securities held by Directors are available in the Directors' Report on page 27.

🔗 Tabcorp's Share Trading Policy is available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

✅ ASX CGC's Best Practice Recommendations 3.2, 3.3

## 20. Continuous disclosure

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

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The Tabcorp Group's Executive General Manager - Corporate and Legal, in her capacity as Company Secretary, is responsible for coordinating disclosure of information to the ASX, Australian Securities and Investments Commission and shareholders. The Company Secretary is referred to as the Disclosure Officer in this policy.


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

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

Authorised Tabcorp spokespersons liaise closely with the Disclosure Officer to ensure all proposed public comments are within the bounds of information that is

already in the public domain, and/or is not material.


 Tabcorp's Disclosure and Investor Communications Policy is available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).


 ASX CGC's Best Practice Recommendations 5.1, 5.2

### 21. Independent professional advice

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

Board Committees and members of the Audit Committee and Risk and Compliance Committee may also obtain independent professional advice, subject to the Terms of Reference for the applicable Committee.

 The terms of reference for each Board Committee are available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

 ASX CGC's Best Practice Recommendations 2.5, 8.1


### 22. Board assessment


Each year the Nomination Committee reviews the skills, experience and attributes required to discharge the Board's duties and the extent to which they are represented in the composition of the Board as well as each Board Committee.

The Nomination Committee is also responsible for facilitating an independent review of the performance and effectiveness of the Board, its Committees and Directors every three years.

The Board will undertake an independent assessment in the 2008/9 financial year.

The previous independent assessment was completed by Cameron Ralph in March 2006. The assessment process included a review of publicly available information, questionnaires and interviews with current and former Directors, the Chief Financial Officer and the Company Secretary, and a review of Board policies, Board Committee terms of reference, the Board Manual (subsequently replaced with Tabcorp's online Directors' Knowledge Centre), papers distributed to Directors for Board meetings, and other documents available to Directors. After each meeting of the Board and Board Committees, Directors assess the effectiveness of each meeting.

 The terms of reference for the Nomination Committee are available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).


 ASX CGC's Best Practice Recommendation 8.1


### 23. Succession planning

The Tabcorp Group has a succession plan for members of its Board and senior management. This plan is intended to identify the best candidates for leadership and management roles and develop potential successors that best meet the organisation's needs.

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

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

 The terms of reference for the Nomination Committee are available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).


 ASX CGC's Best Practice Recommendation 2.4

### 24. Director induction program

The appointment of any new Director is subject to regulatory approvals. While these approvals are being sought, the person, with the approval of the regulators, may attend Board and Committee meetings as observers. This assists their transition into their role, but they may not vote on any matter. Each observer undertakes an induction program and is provided with access to Tabcorp's online Directors' Knowledge Centre, the Tabcorp Group's strategic plan and other materials to assist them to participate fully and actively in all Board decision-making at the earliest opportunity.

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

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


 The terms of reference for the Nomination Committee are available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

 ASX CGC's Best Practice Recommendation 8.1

## 25. Directors' continuing education

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

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

 ASX CGC's Best Practice Recommendation 8.1

## 26. Group strategic planning

Tabcorp has a formal strategic planning process whereby a strategic plan is approved by the Board each year. The intent of the annual review is to consider a range of strategies and provide management with guidance on

those strategies that in the Board's opinion will enhance shareholder value.

 ASX CGC's Best Practice Recommendation 1.1

## 27. Sustainability

Tabcorp is committed to the long term sustainability of its operations and aims to optimise the social, environmental, workplace and economic impact of its operations for the benefit of all stakeholders.

Tabcorp's commitment to responsible gambling, its employees and community well-being is discussed on pages 8 to 9 of this report.

Although the operations of the Tabcorp Group are considered to have minor impact on the environment, Tabcorp is committed to protecting the environment and minimising the impact wherever appropriate. Tabcorp's environmental performance is set out on page 9 and in the Directors' Report on page 26.

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

- Dow Jones Sustainability Index.
- FTSE4Good Index.

 ASX CGC's Best Practice Recommendation 10.1

## 28. Engaging shareholders

The Tabcorp Group's Disclosure and Investor Communications Policy sets out Tabcorp's procedures and guidelines relating to continuous disclosure and the communication of information to investors. This information is communicated to shareholders through Tabcorp's website, annual report, dividend mailouts, the Australian Securities Exchange, and other means where appropriate.

The Tabcorp Group's website provides stakeholders with a range of information about the Group, including its operations, history, strategies, values, brands, community involvement, share price performance and shareholder reports. There is also a facility for any interested person to receive email notifications of all major Tabcorp news releases published on the website.

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


Dedicated shareholder relations personnel are available to assist in responding promptly to all shareholder inquiries. Contact details are available on page 59 of this report. Tabcorp has a Shareholder Enquiries and Complaints Policy that sets out the way in which Tabcorp addresses concerns and feedback from shareholders.

Tabcorp encourages its shareholders to participate fully at its annual general meeting. 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 annual general meeting in respect of items to be voted on at the meeting.


Other shareholder related information is available at the back of this report, on pages 58 to 60.


 Tabcorp's website is available at [www.tabcorp.com.au](http://www.tabcorp.com.au).

 Tabcorp's Disclosure and Investor Communications Policy is available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

 Sign up to receive email notification of major Tabcorp new releases through the News

section of Tabcorp's website at [www.tabcorp.com.au/news\\_eneews.aspx](http://www.tabcorp.com.au/news_eneews.aspx).

 Shareholders can elect to receive all communications electronically by following the instructions on Tabcorp's website at [www.tabcorp.com.au/investor\\_holder\\_eshare.aspx](http://www.tabcorp.com.au/investor_holder_eshare.aspx).

 Tabcorp's Shareholder Enquiries and Complaints Policy is available from the Corporate Governance section of Tabcorp's website at [www.tabcorp.com.au/about\\_governance.aspx](http://www.tabcorp.com.au/about_governance.aspx).

 ASX CGC's Best Practice Recommendation 6.1