

Tabcorp

CORPORATE GOVERNANCE STATEMENT 2018

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1. INTRODUCTION

1.1. ABOUT THIS CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement was lodged with ASX on 8 August 2018 and has been approved by the Board of Tabcorp Holdings Limited (the Company or Tabcorp).

This Corporate Governance Statement outlines the key aspects of the corporate governance framework and main governance practices and policies of the consolidated entity comprising Tabcorp and its subsidiaries (the Group) for the period commencing 1 July 2017 to 8 August 2018 (the reporting period). The Group includes the Tatts Group of companies which became part of the Tabcorp Group on 22 December 2017 following the implementation of the Tabcorp-Tatts combination (Combination).

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

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

W Tabcorp's Annual Report 2018 is available from Tabcorp's website at www.tabcorp.com.au/investors/annual-reports.

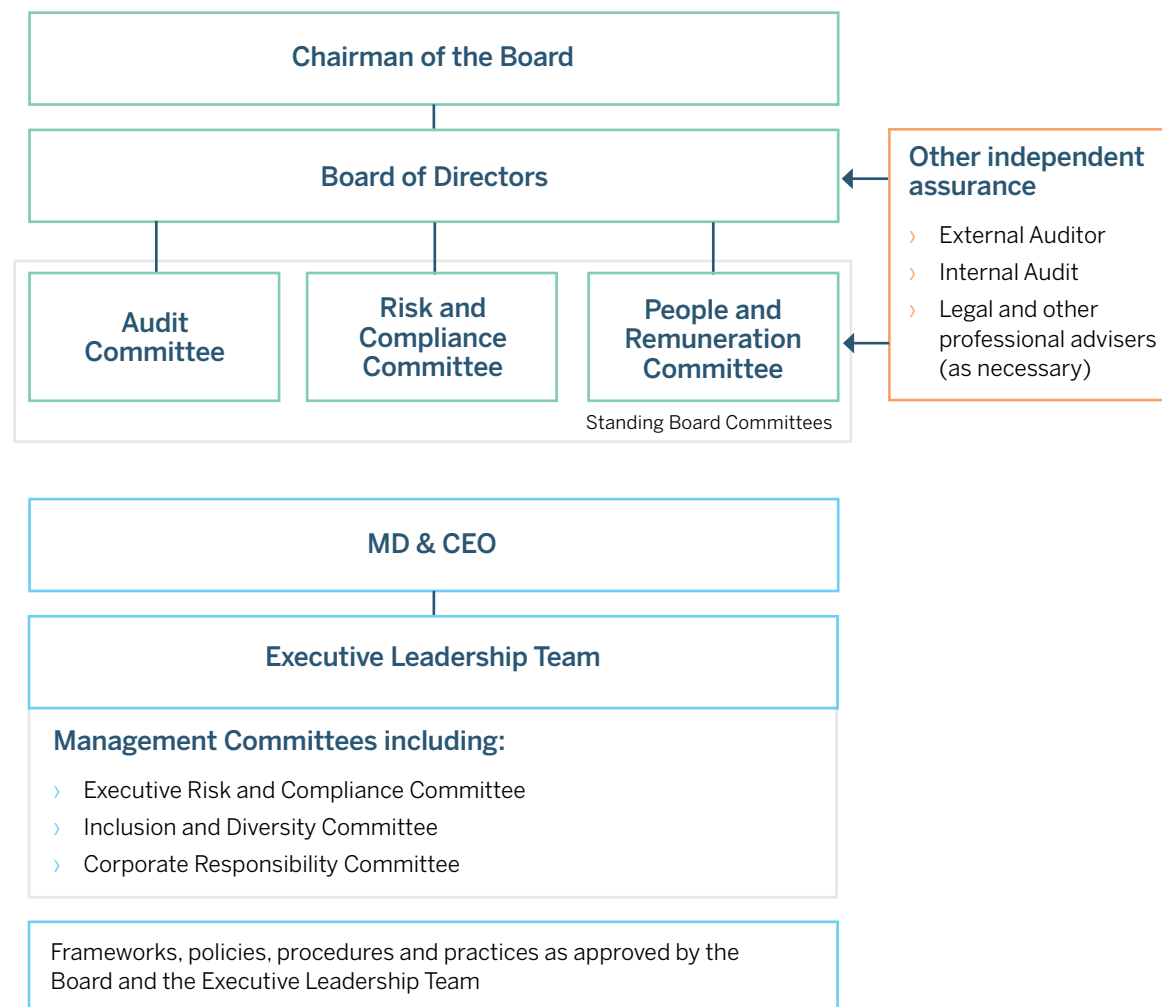
1.2. TABCORP'S APPROACH TO CORPORATE GOVERNANCE

Tabcorp's Board and management strongly support the principles of good corporate governance and are committed to building on the Group's strong reputation for integrity. The governance arrangements adopted by the Group are reflective of a high performing well governed organisation, and enable the Board and management to make well informed decisions, provide appropriate accountability and transparency, and instil and reinforce a culture and behaviours that support Tabcorp's vision to be the world's most respected gambling-led entertainment company. It is also important for Tabcorp to maintain leading governance practices given the highly regulated industry in which the Group operates, and is essential for increasing our opportunities to win and retain gambling licences, and for the long term sustainability of our businesses.

Tabcorp's corporate governance framework is summarised in the diagram below and reflects a restructure of the Board Committees (effective from 1 January 2018), which occurred following the Combination (refer section 3.1).

In developing appropriate corporate governance practices, Tabcorp takes into account applicable legislation and recognised standards, including, but not limited to:

- the Corporations Act 2001 (Cth) (Corporations Act);
- the Australian Securities Exchange (ASX) Listing Rules;
- the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) (ASX Principles and Recommendations);
- legislation governing the licences issued to the Group to conduct gambling and related activities; and
- Australian Standard AS 8000 – Good Governance Principles.



1.3. ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

This Corporate Governance Statement discloses the extent to which Tabcorp has complied with the recommendations set out in the ASX Principles and Recommendations during the reporting period. Refer to the Appendix 4G lodged with the ASX with this statement which sets out Tabcorp's compliance with the ASX Principles and Recommendations and specifies locations (website addresses and documents) where relevant corporate governance disclosures can be found.

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

1.4. CHANGES TO TABCORP'S GOVERNANCE ARRANGEMENTS

As foreshadowed in last year's Corporate Governance Statement, following the Combination which was implemented on 22 December 2017, the Group's governance arrangements and related policies and practices have been reviewed to align with those that are required for the combined Group and befitting a larger organisation with a greater diversity of operations. In addition, other changes have been implemented to accord with emerging governance trends and leading practice.

Key changes to the Group's corporate governance arrangements during the reporting period include:

- Harry Boon appointed as an additional independent Non Executive Director on 22 December 2017;
- Jane Hemstritch retired from the Board at the conclusion of the 2017 Annual General Meeting (AGM), effective 27 October 2017;
- the Board restructured its Committees (effective 1 January 2018) (refer sections 3.1 to 3.4);
- new Board and Board Committee Charters were adopted in conjunction with the restructure of Board Committees (refer sections 3.1 to 3.4); and
- new gender diversity targets for the Board and management were approved by the Board (refer section 5.7).

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

2. BOARD STRUCTURE AND COMPOSITION

2.1. COMPOSITION OF THE BOARD

The Tabcorp Board comprises eight independent Non Executive Directors and the MD & CEO. The Chairman of the Board is an independent Non Executive Director. The roles of the Chairman and the MD & CEO are performed by separate individuals. 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 AGM following the Director's last election or re-election to the Board, whichever is the longer, without submitting for re-election.

The length of service for each Director, and when they were last elected or re-elected at the Company's AGMs are as follows:

Name	Length of service	Last election or re-election
Paula Dwyer ⁽ⁱ⁾	Chairman for seven years, from June 2011. Prior to demerger was a Director for six years, from August 2005.	2016 AGM
David Attenborough	Seven years, from June 2011	MD & CEO is not required to stand for re-election
Bruce Akhurst ⁽ⁱⁱ⁾	One year, from July 2017	2017 AGM
Harry Boon ⁽ⁱⁱⁱ⁾	Less than one year, from December 2017	Appointed since the 2017 AGM, and will seek election at the 2018 AGM
Elmer Funke Kupper ^(iv)	Six years, from June 2012. Prior to demerger was Managing Director and Chief Executive Officer for four years, from September 2007.	2015 AGM and will not seek re-election and will retire at the 2018 AGM
Steven Gregg	Six years, from July 2012	2015 AGM and will seek re-election at the 2018 AGM
Vicki McFadden ⁽ⁱⁱ⁾	One year, from July 2017	2017 AGM
Justin Milne	Seven years, from August 2011	2016 AGM
Zygmunt Switkowski ⁽ⁱ⁾	Seven years, from June 2011. 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 Directors' tenure when the demerger of the Group's former casinos business occurred in June 2011, which resulted in Tabcorp being a substantially different company.

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

(iii) Commenced as a Tabcorp Director on 22 December 2017 following the implementation of the Combination.

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

Harry Boon, who was the Chairman and Non Executive Director of Tatts Group Limited, commenced as a Tabcorp Non Executive Director on 22 December 2017 following the implementation of the Combination, and will seek election at the 2018 AGM.

Effective 21 March 2016, Mr Elmer Funke Kupper was granted a leave of absence from the Board of Directors. Mr Funke Kupper does not intend to seek re-election and accordingly will retire at the conclusion of the 2018 AGM.

Tabcorp maintains a balanced Board with a good mix of longer serving Directors and more recent appointments. The average tenure of Directors is approximately 3.5 years, recognising that Director tenure was reset at the time of the demerger.

2.2. DIRECTOR APPOINTMENTS

The Board has the power to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board, subject to receiving all necessary regulatory and certain ministerial approvals, but that person must stand for election at the following AGM. The notice of meeting for the AGM includes all material information in the Board's possession relevant to a decision regarding the election or re-election of a Director.

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

Appropriate recruitment processes, enquiries, reference checks, checks of bankruptcy and criminal records, and validation of educational records are carried out to satisfy the Board that the person is of sound character and has the relevant attributes desired by the Board to be a Director of Tabcorp. Prospective new Directors are also required to submit extensive personal information as part of probity investigations and clearances required by applicable gambling regulators and certain government ministers prior to appointment as a Director. Such information includes in relation to any convictions, bankruptcies, business activities, employment, education, qualifications, sources of income, taxes paid and financial position. Similar processes are also undertaken when appointing members of the Executive Leadership Team. During the year, background checks were undertaken for all members of the Board and the Executive Leadership Team, and they were required to undergo probity evaluation by relevant gambling regulators as part of satisfying the conditions precedent of the Scheme of Arrangement to enable the Combination to proceed.

The appointment and removal of the MD & CEO is a matter for the Board as a whole.

U Details of the Directors, their qualifications and experience are included in the Annual Report 2018 on pages 30, 31 and 41.

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 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.

2.3. SKILLS AND EXPERIENCE OF DIRECTORS

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

The Board has adopted the matrix overleaf which sets out the relevant skills and experience which the Board currently has and is looking to achieve in its membership. The Board seeks to maintain an appropriate balance of these attributes among the Board members, and to ensure all attributes are well represented.

The Board reviewed the matrix during the financial year and refinements were made to reflect the Combination, as well as other strategic considerations and emerging governance trends. Mr Harry Boon conducted a self-evaluation against the matrix, and the Board reaffirmed the extent to which the skills and experiences set out in the matrix are currently present among its membership. The numbers adjacent to each criterion indicate there is generally a high prevalence among the current Board membership, with all nine Directors exhibiting the skills/experiences relevant to six criteria. The Board believes it currently has an appropriate mix of these skills and experiences amongst its Directors to enable the Board to operate effectively.

Two of the nine Directors are female, including the Chairman of the Board and the Chairman of the Audit Committee.

Leadership	9
Board, CEO and/or senior executive level experience in a major organisation or listed company.	

Strategic and commercial acumen	9
Experience in formulating, implementing and/or overseeing strategic business plans and developing new businesses, including start-ups, mergers, acquisitions, and divestments.	

Financial acumen/capital management	7
Qualifications and 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.	

Governance, risk and compliance	8
Knowledge of the legal, compliance and regulatory environment and experience in best practice governance structures, risk and compliance frameworks, and related policies and processes.	

Information technology	9
Knowledge and experience in the use and governance of critical information technology infrastructure and applications.	

Digital innovation	8
Experience in leveraging digital technology to drive competitive strategies, innovation, revenue growth and business performance.	

Retailing, marketing and customer experience	8
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.	

People and culture	9
Experience with managing people and culture matters, including the ability to appoint and evaluate CEO and senior executive level managers, oversee strategic human resource management, talent development, engagement and organisational culture and change, and workplace health and safety.	


Remuneration	9
Experience on a Board Remuneration Committee or at a senior executive level in relation to overseeing remuneration practices, including incentive plans, superannuation, and legislative frameworks.	

Corporate responsibility	8
Experience in formulating, implementing and/or overseeing corporate responsibility strategy focused on generating long term sustainable value for shareholders, employees, stakeholders and the community.	

Government/stakeholder relations and public policy	8
Experience in public and regulatory policy matters and engagement with regulators, industry groups and Australian state and Federal government.	

Industry experience	6
Experience at a domestic or international gambling business, or related racing, sport, or entertainment business.	

International experience	9
Experience in international markets, exposed to a range of political, cultural, regulatory and business environments.	

 The names and details of the experience, qualifications, special responsibilities (including Committee memberships), and term in office of each Director of the Company can be found in the Annual Report 2018 on pages 30, 31 and 41.

2.4. ROLE, RESPONSIBILITIES AND FUNCTIONS OF THE BOARD

During the reporting period, and following the Combination, the Board adopted a new Charter that sets out its authority, responsibilities and membership, and the arrangements by which it operates. The Board Charter also clearly sets out the relationship between, and the respective roles and responsibilities of the Chairman, each Director and the MD & CEO.

The Board's role is to:

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

The Charter sets out those specific powers reserved for the Board. To assist the Board in discharging its responsibilities, the Board has established Committees with delegated responsibilities. The Board has delegated to the MD & CEO, and through the MD & CEO to senior management, responsibility for day to day management of the Group. The scope of, and limitations to, this authority to undertake transactions and incur expenditure on behalf of the Group up to specified thresholds are clearly documented in Tabcorp's Delegated Authorities and Approval Limits Group Policy, which has been approved by the Board. The policy includes the financial and non-financial matters that the Board has delegated to management, the capital and operational expenditure approval limits applicable to each level of management, and specific key responsibilities within each business unit.

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

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.

2.5. DIRECTOR INDEPENDENCE

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

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

The Board assesses the independence of each Director upon appointment and reviews the independence of all Directors annually. For this purpose, the Board considers an independent Director to be a Non Executive Director who is free of any interest, position, association 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 and its shareholders generally.

During the reporting period, the Board assessed the interests, positions, associations and relationships of the current Non Executive Directors, including the Chairman, and considers each of them to be independent.

In assessing the independent status of each Non Executive Director, the Board considered the following factors (in addition to the matters set out above):

- specific disclosures made by each Director;
- whether a Director has been employed in an executive capacity by the Group in the last three years;
- whether within the last three years a Director has been a partner, director or senior employee of a provider of material professional services to the Group;
- whether any Director is, or is associated with, a supplier, professional adviser, consultant to or customer of the Group which is material, given that any payments by Tabcorp to any such associate were less than 2% of annual consolidated revenue for both Tabcorp and the respective associate, and that any remuneration received by a Director from any such associate was not impacted in any way by the Tabcorp payments;
- whether a Director is, or is an officer of, or otherwise associated directly or indirectly with, a substantial shareholder of Tabcorp;
- whether a Director has any material contractual relationships with the Group other than as a Director of Tabcorp;
- whether a Director has any close family ties with any person who falls within any of the categories above; and
- whether a Director has been a Director of the Company for such a period that his or her independence may have been compromised.

Notwithstanding the Company's view that Director tenure was reset at the time of the demerger, after due consideration the Board considered that none of Ms Paula Dwyer and 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 2018 on pages 30, 31 and 41.

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 at www.tabcorp.com.au/who-we-are/corporate-governance.

2.6. OTHER DIRECTORSHIPS

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

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

- ▣ Details of the directorships for each Director are available in the Annual Report 2018 on pages 30, 31 and 41.
- ▣ Details of Directors' positions on the Board of other publicly listed companies are available in the Annual Report 2018 on page 42.

2.7. BOARD AND COMMITTEE MEETINGS

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

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.

- ▣ The number of Board and Committee meetings and the attendance of each Director at these meetings are set out in the Annual Report 2018 on page 44.

2.8. 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 policies and procedures, minutes of meetings, 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 Chairs, on all matters to do with the proper functioning of the Board. The appointment and removal of the Company Secretary is a matter reserved for the Board.

3. BOARD COMMITTEES

3.1. COMMITTEES OF THE BOARD

Tabcorp has established the following standing Board Committees as at the date of this statement:

- Audit Committee (see section 3.2);
- Risk and Compliance Committee (see section 3.3); and
- People and Remuneration Committee (see section 3.4).

Following the Combination, and having regard to the increased regulatory complexity, larger size and broader focus of the Group, the Board restructured its standing Board Committees (effective 1 January 2018) to ensure appropriate focus on the key business issues relevant to the Group:

- the Audit, Risk and Compliance Committee was split into a separate Audit Committee and Risk and Compliance Committee;
- the remit of the Remuneration Committee was broadened to include people-related matters, with the Committee retitled the 'People and Remuneration Committee'; and
- the Nomination Committee (of which each Non Executive Director was a member of) was dissolved and all matters previously dealt with by that committee are now overseen by the Board (including consideration of Board and MD & CEO succession planning, Board composition (such as the mix of skills, experience, capability and diversity represented on the Board), Director independence, appointments and re-elections). This arrangement means that Tabcorp did not follow Recommendation 2.1 of the ASX Principles and Recommendations from 1 January 2018.

In conjunction with the restructure of the standing Board Committees, the Board also reviewed the membership of these Committees and has appointed Non Executive Directors as members 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.

Board Committee membership is restricted to Non Executive Directors only. The MD & CEO is not a member of any Board Committee, however 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. These charters are reviewed regularly and were updated during the reporting period to reflect the new Board Committee structure.

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.

Prior to 1 January 2018, the Board Committees were structured and operated under the arrangements disclosed in the 2017 Corporate Governance Statement.

From time to time the Board may also approve the establishment of other ad hoc Board sub-committees to deal with specific matters as they arise. During the reporting period, legal, compliance and due diligence 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 44 of the Annual Report 2018.
- I** The details of relevant Director qualifications and experience are included in the Annual Report 2018 on pages 30, 31 and 41.
- W** The Charters for each of the Tabcorp Board Committees are available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

3.2. AUDIT 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.

The Audit Committee reviews the effectiveness, performance and independence of the external auditor. Tabcorp's external auditor is Ernst & Young.

The Corporations Act 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.

The Audit Committee is committed to maintaining auditor independence and limiting the engagement of the external auditor to audit related services unless exceptional circumstances necessitate the involvement of the external auditor. The Committee is responsible for overseeing the engagement of the external auditor to supply non-audit services (if any). Tabcorp maintains the rotation of the lead external audit partner every five years or less, as required by the Corporations Act. 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 meets regularly with the external auditor, without management present.

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 Audit Committee meets regularly with the Executive General Manager Internal Audit without management present.

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. 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, 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:	Vickki 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.

3.3. 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; and
- the adequacy of policies and processes to manage the Company's legal and regulatory obligations.

Refer to section 4 '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, Group General Counsel, Chief Risk Officer, 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
	Vickki 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.

3.4. PEOPLE AND REMUNERATION COMMITTEE

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

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

Composition of the People and Remuneration Committee

Chairman:	Zygmunt Switkowski
Other Members:	Paula Dwyer
	Harry Boon
	Steven Gregg

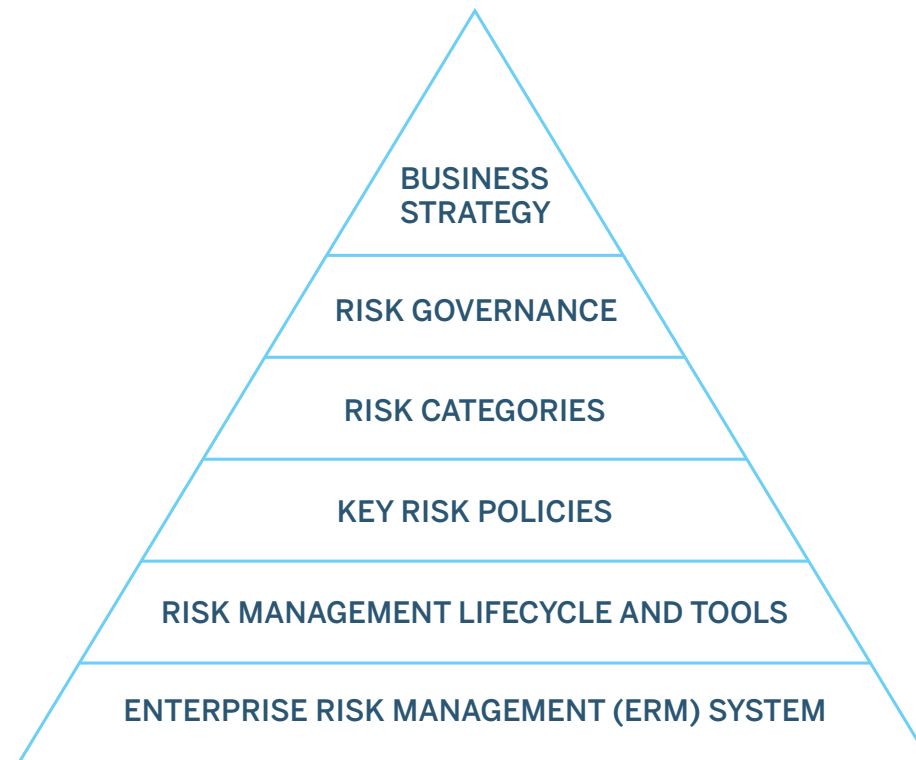
- I** Details regarding the Company's remuneration policies and practices, including the remuneration of Non Executive Directors, MD & CEO and other key management personnel, are set out in the Remuneration Report on pages 47 to 76 of the Annual Report 2018.
- W** The People and Remuneration Committee Charter is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.

4. RISK MANAGEMENT AND CONTROLS

4.1. RISK MANAGEMENT FRAMEWORK

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

The Chief Risk Officer team annually reviews the Risk Management Framework to ensure its continued appropriateness and effectiveness. Any material exceptions are reported to the Executive Risk and Compliance Committee and to the Board Risk and Compliance Committee.



4.2. GOVERNANCE AND OVERSIGHT OF RISK

The Risk and Compliance Committee has overall accountability and oversight of risk management and compliance at Tabcorp. The responsibilities, functions and composition of this Committee are set out in section 3.3.

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

4.3. RECOGNITION AND MANAGEMENT OF RISK

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

During the reporting period, Tabcorp's management updated and monitored the risk profiles for each of the Group's operating businesses and major projects. These profiles identify the:

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

The risk profiles for each key operating business are regularly reported to the Executive Risk and Compliance Committee and to the Board Risk and Compliance Committee and are considered as part of the annual internal audit planning process. These risk profiles were reviewed by the Risk and Compliance Committee (and the previous Board Audit, Risk and Compliance Committee) during the reporting period.

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

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

The Group's Risk Management Framework, policies and procedures will continue to be enhanced as the Group's existing operations develop and its range of activities expands. The implementation of the Risk Management Framework and these policies and procedures are monitored and reviewed at least annually by the Risk and Compliance Committee to satisfy itself that the framework, policies and procedures continue to be sound. Such a review was conducted during the 2018 financial year and it was found that the risk management systems continued to be sound and 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, including in respect of economic, environmental and social sustainability risk, are disclosed in the Directors' Report on pages 37 to 40 of the Annual Report 2018.

U The material business risks for the Group are disclosed in the Directors' Report on pages 37 to 40 of the Annual Report 2018.

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. COMPLIANCE MANAGEMENT

The Tabcorp Compliance Management Policy was developed to align 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, which provides a consistent and uniform approach to collating and reporting relevant information from across all business units. The system monitors whether practices and processes designed to ensure compliance have been operating effectively, increases the visibility of potential issues, and assists the processes for resolving issues. Compliance management updates and incident reports are regularly reviewed by the Executive Risk and Compliance Committee and by the Risk and Compliance Committee.

4.5. INTERNAL CONTROL FRAMEWORK

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

The Group has detailed 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, the MD & CEO and other levels of management.

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

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

4.6. MANAGEMENT ASSURANCE

At the Board meetings to approve the Group's annual and half yearly 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.

5. KEY GOVERNANCE POLICIES AND PRACTICES

5.1. CODE OF CONDUCT

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



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

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

The Board oversees and approves material changes to the Code and key 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.

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

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

5.2. TABCORP INTEGRITY PROTECTION SERVICE (TIPS)

Consistent with our commitment to maintaining a culture of honesty and integrity, Tabcorp has a Whistleblower Policy and had implemented TIPS, an independent, anonymous whistleblower service delivered by Deloitte. It is one of Tabcorp's processes to prevent, detect and respond to crime and serious misconduct. TIPS is available 24 hours a day, 7 days a week to Tabcorp's people and stakeholders in Australia and overseas.

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

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

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

5.3. ANTI-BRIBERY AND CORRUPTION

Tabcorp has an Anti-Bribery and Corruption Policy which prohibits all forms of bribery, facilitation payments, paying or receiving secret commissions and fraud. It also sets the standards required of employees and contractors when dealing with third parties, and the offering and acceptance of gifts and hospitality. All team members and Directors regularly undertake mandatory training. The Board oversees changes to the policy and receives reports of matters where investigations have determined that material fraudulent or corrupt acts have occurred.

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

5.4. RESPONSIBLE GAMBLING

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

The Group has individual Responsible Gambling Codes of Conduct for each of its businesses. This enables the Group to maintain compliance with the specific requirements in each state or territory, while being responsive to the individual circumstances of each of its TAB, 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 may not 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 28 of the Annual Report 2018.

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

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

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.

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

5.6. POLITICAL DONATIONS POLICY

As a major listed entity operating in a highly regulated environment, Tabcorp has an obligation to its shareholders and stakeholders to participate in the process of public policy development at both a Commonwealth and state/territory level. In order to do this, Tabcorp makes political donations to support political parties or associated organisations as they participate in the democratic system of parliamentary government in Australia.

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

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

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

For the financial year ended 30 June 2018, the Tabcorp Group provided contributions totalling \$217,900 to political parties (in the previous financial year \$200,000 was provided by the Tabcorp Group).

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

5.7. INCLUSION AND DIVERSITY

Tabcorp has an Inclusion and Diversity Policy that articulates our commitment to creating a culture of inclusion, where we collaborate, everyone is treated with respect, and where everyone experiences a genuine sense of belonging. At Tabcorp, we understand and accept that everyone is different. 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).

As at 30 June 2018, the proportion of female employees across the Group was:

- 25% of the Non Executive Directors;
- 30% of the Executive Leadership Team;
- 36% of the Senior Leadership Cohort; and
- 43% of the entire Group.

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		
<h1>40%</h1>	<h1>40%</h1>	
female Non Executive Directors on the Board by the end of FY23	of females in the Senior Leadership Cohort by the end of FY21	

5.8. SECURITIES TRADING POLICY

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

Directors, executives reporting directly to the 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 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, 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.

5.9. DIRECTORS' SHAREHOLDINGS POLICY

In accordance with the Directors' Shareholdings Policy, Non Executive Directors are encouraged to acquire and hold a minimum shareholding in Tabcorp approximately equivalent to one times the annual Non Executive Director base fee 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 encouraged to reach the applicable threshold within three years from appointment, or by 14 December 2020 (whichever is the later).

W The details of Tabcorp securities held by Directors are available in the Directors' Report on page 43 of the Annual Report 2018.

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

5.10. EXECUTIVES' SHAREHOLDINGS POLICY

The Executives' Shareholdings Policy sets mandatory minimum shareholding requirements applicable to members of the 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 (whichever is the later). Performance Rights are not counted towards this threshold.

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

I The details of Tabcorp shares held by executive key management personnel are available in the Remuneration Report on page 76 of the Annual Report 2018.

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

5.11. CONTINUOUS DISCLOSURE

Tabcorp has a Disclosure and Investor Communications Policy and procedures are in place to ensure compliance with its continuous disclosure obligations. Tabcorp releases to the ASX all new investor and analyst presentation materials and AGM speeches prior to the presentations commencing. The Board reviews Tabcorp's compliance with its continuous disclosure obligations at each of its meetings.

The Company Secretary is responsible for coordinating disclosure of information to the ASX, the Australian Securities and Investments Commission and shareholders. The Company Secretary is referred to as the Disclosure Officer in this policy. The Disclosure Officer must be kept informed by management of disclosure related issues, and each Executive Leadership Team member must notify the Disclosure Officer immediately of any information that may require disclosure.

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

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

The Board promptly receives by email copies of all ASX announcements made by the Company.

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

5.12. INDEPENDENT PROFESSIONAL ADVICE

Under the Board Charter, the Board and each individual Director has the right to seek independent professional advice, subject to the approval of the Chairman.

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.

5.13. PERFORMANCE ASSESSMENT

Each year the Board assesses its effectiveness and performance. Outcomes from the assessment are used to enhance the effectiveness of the Board and individual Director contributions, and improve Board processes, practices and governance arrangements. Where appropriate, the Board may engage an independent advisor to assist in facilitating the Board performance assessment. The Board intends that an independent advisor will be engaged to facilitate the Board assessment process in the 2019 financial year.

During the reporting period, an internal Board performance assessment was undertaken. The review involved Directors completing an assessment, with participants asked to consider and comment on a range of matters relating to Board skills, experience and succession plan, effectiveness of the Board, Board meetings and processes, the relationship between the Board and management, and culture, risk and stakeholder engagement. In addition to completing the assessment, the Chairman and Chairman of the People and Remuneration Committee held individual review discussions with each Director covering various matters. Mr Harry Boon did not participate in the assessment process on the basis that his tenure to date has been limited.

Given the changes to the Board Committee structure and membership, and that these Committees had only been operational for part of the year, the Board considered that it was not appropriate to conduct an extensive assessment of the performance and effectiveness of these Committees during the reporting period.

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 Ways of Working. 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 2018 financial year and at other intervals during the year in accordance with the process disclosed 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).

☞ Refer to pages 62 to 64 of the Remuneration Report in the Annual Report 2018 for further information regarding the performance outcomes relevant to senior executives who were key management personnel during the 2018 financial year.

5.14. SUCCESSION PLANNING

Directors regularly discuss succession matters at Board meetings with a view to maintaining the optimal composition of the Board and its Committees. The Board is responsible for maintaining the orderly succession of Board membership and manages a process to identify suitable candidates for appointment to the Board and Board Committees. The Board annually reviews and approves Director elections and re-elections for consideration at the Company's AGM.

The Group has a succession plan for members of its senior management which identifies the most 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 to support the continuity of the Executive Leadership Team.

Refer to sections 2.2 and 2.3 for information regarding the attributes the Board considers when appointing new Directors and the process involved.

5.15. INDUCTION

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

Every new Director takes part in an induction program and is provided with access to Board papers, minutes, key policies and governance documents, the Group's strategic plan and other materials to assist them to participate fully and actively in all Board decision-making at the earliest opportunity. 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.

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

Mr Harry Boon participated in the Director induction program during the reporting period.

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.

5.16. DIRECTORS' CONTINUING EDUCATION

Directors are expected to maintain the knowledge and skills required to discharge their duties and obligations. All Directors have access to continuing education to update and enhance their skills and knowledge to enable them to continue to carry out their duties as Directors in an efficient and knowledgeable manner. The continuing education program includes information concerning key developments in the Group and the industry, and environments within which it operates, including site visits to the Group's properties, updates to relevant policies, discussion of relevant legal and regulatory developments, corporate governance updates and other matters of interest for Directors.

5.17. GROUP STRATEGIC PLANNING

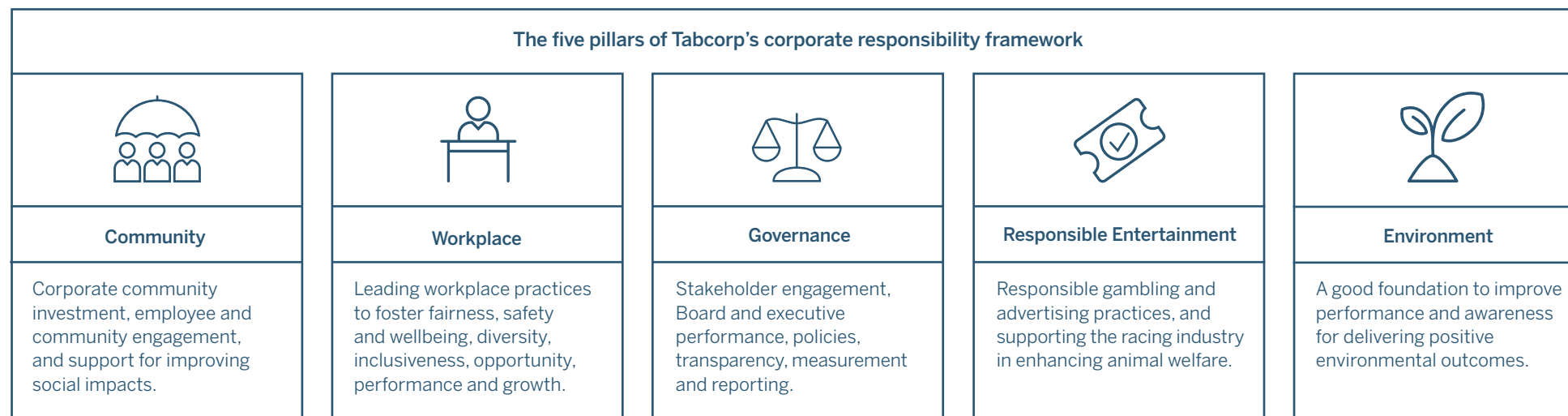
Tabcorp has a formal strategic planning process whereby a strategic plan is approved by the Board each year. The intent of the annual review is to consider a range of strategies and provide management with guidance on those strategies that in the Board's opinion will enhance shareholder value. Where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

5.18. CORPORATE RESPONSIBILITY





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

The 2018 financial year was the first full year following the implementation of Tabcorp's corporate responsibility strategy in the previous financial year. The strategy aims to deliver value for shareholders, employees, stakeholders, and the community over the short, mid, and longer term. The strategy aligns with Tabcorp's vision to be the world's most respected gambling-led entertainment company.

The framework is founded on the following pillars:



Tabcorp publishes on its website an annual Corporate Responsibility Review which details the activities undertaken by Tabcorp to support this framework and includes environmental and social data relevant to the financial year.

-  Tabcorp's commitment to corporate responsibility is discussed further in the Annual Report 2018 on pages 21 to 29.
-  Tabcorp's Corporate Responsibility Review 2017 is published and accessible from Tabcorp's website at www.tabcorp.com.au/sustainability.
-  The key operating and financial risks and uncertainties for the Group are disclosed in the Directors' Report on pages 37 to 40 of the Annual Report 2018.
-  Details about Tabcorp's corporate responsibility practices are available from the Sustainability section of Tabcorp's website at www.tabcorp.com.au/sustainability.

5.19. ENGAGING WITH SHAREHOLDERS

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

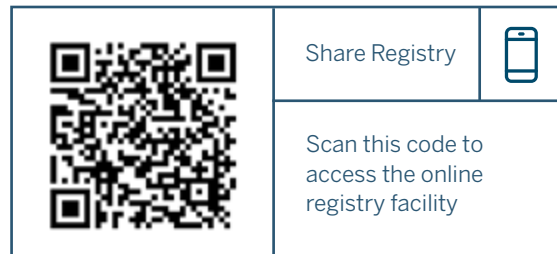
The Tabcorp website provides stakeholders with a range of information about the Group, including its operations, history, strategies, values, brands, community involvement, corporate responsibility practices, share price performance and shareholder reports. There is also a facility for any interested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

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

Dedicated shareholder relations personnel are available to assist in responding promptly to all shareholder inquiries. Shareholders can contact Tabcorp's share registry, Link Market Services Limited, or Tabcorp directly by electronic means. Contact details are available on the last page of Tabcorp's Annual Report or from the Contact Us section of Tabcorp's website.

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

Go to the online share registry facility



- 📄 Shareholder related information is available at the back of the Annual Report 2018 on pages 134 to 136.
- 🌐 Tabcorp's website is available at www.tabcorp.com.au.
- 🌐 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.
- 🌐 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.
- 🌐 Tabcorp's Disclosure and Investor Communications Policy is available from the Corporate Governance section of Tabcorp's website at www.tabcorp.com.au/who-we-are/corporate-governance.
- 🌐 Shareholders can contact Tabcorp's share registry or Tabcorp using the details available from the Contact section of Tabcorp's website at www.tabcorp.com.au/contact-us.

