

## Corporate Governance Statement

# Corporate Governance Statement: Annual Report 2019

### 1. CORPORATE GOVERNANCE STATEMENT

The Board of HT&E Limited (**Company**) endorses good corporate governance practices and oversees an organisation-wide (**Group**) commitment to high standards of legislative compliance and financial and ethical behaviour, as set out in this Corporate Governance Statement. The Directors' overriding objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interests of all shareholders and ensures the Company is properly managed.

The Company has considered the best practice recommendations established by the Australian Securities Exchange (**ASX**) Corporate Governance Council *Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition, February 2019)* (**ASX Recommendations**) and has complied with those ASX Recommendations for the entire reporting period, unless indicated otherwise (refer to paragraph 22 below). This Corporate Governance Statement should be read in conjunction with the Corporate Governance section of the Company's website and the Company's Annual Report.

Below is a description of the Company's main corporate governance practices and policies. A copy of this Corporate Governance Statement as well as the charters and policies referred to are all available on the Company's website ([www.htande.com.au/corporate-governance/](http://www.htande.com.au/corporate-governance/)).

### 2. BOARD ROLE AND RESPONSIBILITIES

The Board is responsible for overseeing the long-term profitable growth of the Company. This is achieved through a process of regular reviews of strategy, operations and areas of risk.

The Board sets overall corporate policy and provides guidance for the Executive Key Management Personnel (**Executive KMP**) (as defined in the Remuneration Report in the Annual Report) and oversight of policy execution.

The Board's role and responsibilities are set out in the Board Charter. 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 and human 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 demonstrating leadership); and
- ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

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The responsibilities of the Board include:

- selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning succession of, the Chief Executive;
- contributing to and approving management development of corporate strategy, including defining the Company's purpose, setting strategic objectives and approving operating budgets;
- monitoring corporate performance and management's implementation of the Company's strategy and promotion of the Company's values;
- approving the risk appetite within which the Board expects management to operate;
- monitoring systems of risk management, internal control and legal compliance. This includes reviewing procedures to identify the main financial and non-financial risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- reviewing the Company's risk management framework at least annually to satisfy itself that it continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board;
- approving the annual operating budget, major capital expenditure, acquisitions and divestitures, and overseeing capital management, including approving dividend payments;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- approving financial reports, profit forecasts and other reports required at law or under the ASX Listing Rules to be adopted by the Board;
- overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- approving the Company's values and Code of Conduct, and monitoring corporate culture;
- setting and reviewing the Company's governance policies;
- approving the objectives for achieving diversity in the composition of the Board, senior executive team and workforce generally;
- receiving information regarding material breaches of the Code of Conduct and Fraud Policy and reports of material incidents under the Whistleblower Policy;
- satisfying itself that the Company's remuneration framework is aligned with the Company's purpose, values, strategic objectives and risk appetite;
- reviewing the division of functions between the Board and management to ensure that it continues to be appropriate to the Company's needs;
- setting performance targets for the Chief Executive and senior executive team and considering performance against those targets and the remuneration outcomes;
- evaluating the performance of the Board and its Committees; and
- performing such other functions as are prescribed by law or nominated by the Board from time to time.

The Board regularly reviews the division of functions between the Board and management to ensure that it continues to be appropriate to the Company's needs. Responsibility for the day-to-day operations of the Company is usually conferred on the Chief Executive who reports to the Board and provides the Board with information in relation to the conduct of the business of the Company, including compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the Code of Conduct. The Chief Executive exercises this responsibility in accordance with Board-approved annual operating budgets and reports to the Board at regular Board meetings. The Board regularly reviews the division of functions between the Board and management to ensure that it continues to be appropriate to the Company's needs. In addition, the Executive KMP meet regularly to examine the performance of the Company compared to Board-approved operating budgets and policies.

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### 3. TERM OF OFFICE

The Company's Constitution specifies that there be a minimum of three and a maximum of nine Directors or such other number as determined by the Board from time to time by resolution.

The Company's Constitution also specifies that an election of Directors must be held at each Annual General Meeting.

A Director (other than any Managing Director) must retire from office at the third Annual General Meeting after being elected or last re-elected. If no Director is required to retire at an Annual General Meeting, then the Director with the longest period in office since being elected or last being re-elected must retire. Directors who retire by rotation are eligible for re-election at the Annual General Meeting. A Director appointed since the most recent Annual General Meeting holds office only until the next Annual General Meeting and is then eligible for election by shareholders.

Information about a candidate standing for election or re-election as a Director is provided in the Company's Notice of Annual General Meeting and Annual Report to enable shareholders to make an informed decision on how to vote.

### 4. BOARD COMPOSITION AND QUALIFICATIONS

The Board determines the size and composition of the Board, subject to the terms of the Company's Constitution. The Company's Constitution specifies that there be a minimum of three and a maximum of nine Directors or such other number as determined by the Board from time to time by resolution.

It is intended that the Board should comprise a majority of independent non-executive Directors and comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.

The Board currently consists of five members: four non-executive Directors and one executive Director (the CEO & Managing Director). Details of the names, qualifications, tenure, skills, experience and Board Committee memberships of the Directors and meeting attendances of Directors during the reporting period appear in the Annual Report.

### 5. BOARD SKILLS MATRIX

The Board believes it is important to ensure a strong mix of skills, experience and diversity on the Board to support the Company's future growth.

The Board has reviewed the skills and experience of the Directors and the following skills and expertise are collectively held by the Board:

#### Skills and experience

- media, advertising and marketing expertise;
- digital/online, technology and disruption expertise;
- strategic and operational expertise (across a range of industries);
- people leadership and business acumen;
- experience in senior leadership, including on the boards of other significant listed companies and managing through periods of rapid change;
- mergers and acquisitions/fundraising and capital management expertise;
- audit/accounting skills with experience in financial accounting reporting, analysis of financial statements and internal financial controls;
- risk, governance and compliance expertise;
- dispersed geographical experience; and
- diversity in thinking.

The Board continues to assess its composition to ensure a strong balance of skills, experience and diversity.

The Company's non-executive Director induction process includes the provision of an induction pack, briefings from the Chairman and certain Executive KMP (regarding the Company's business, strategy, financial position

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and corporate governance policies), meeting with other non-executive Directors, and visits to Company operations.

Directors attend external education seminars and conferences including on topical industry trends and issues. In addition, the Company arranges presentations to the Board from key executives to update the Board on business activities, key issues and strategy. Directors are also expected to educate themselves on an ongoing basis to ensure they appropriately and effectively perform their duties.

### 6. BOARD CHARTER

The Board has adopted a Board Charter (on 23 October 2019) to outline the manner in which the Board's constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws. The Board Charter covers:

- Board composition, Board size and Director independence;
- the role and responsibilities of the Board and Director responsibilities;
- delegation of duties and powers to Committees and management; and
- Board process (meetings, Chair and Company Secretary).

### 7. BOARD PROCEDURE

The Board meets formally on a regular basis and Directors will use all reasonable endeavours to attend Board meetings in person. From time to time, meetings are held at the offices of divisional operations, enabling Directors to obtain increased knowledge of Company operations.

### 8. MEETING AGENDAS

Board meeting agendas are usually settled by the Chairman with input from the Chief Executive to ensure adequate coverage of financial, strategic and major risk areas throughout the financial year. The Chairman is responsible for ensuring adequate time is available for discussion of all agenda items, including strategic issues. Directors may add items to the agenda. At each Board meeting, there is time set aside for non-executive Directors to meet without management present.

### 9. COMPANY SECRETARY

The Board will appoint at least one Company Secretary who is responsible for co-ordination of all Board business, including agendas, Board papers, minutes, communication with regulatory bodies, and all statutory and other filings. The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board. All Directors will have direct access to the Company Secretary.

### 10. INDEPENDENT PROFESSIONAL ADVICE

As set out in the Board Charter, the Board collectively, and each Director individually, has the right to seek independent professional advice (at the Company's expense) to assist in the proper exercise of powers and discharge of duties as Directors, subject to the approval of the Chair, or the Board as a whole.

Where prior approval of the Chairman is required, this would not be unreasonably withheld. In the case of the Chairman, prior notice should be given to a majority of the non-executive Directors of the proposed engagement of a professional advisor before any expenses are incurred, setting out the reasons the Chairman believes it appropriate (having regard (in good faith) to the views of the other non-executive Directors) before proceeding.

### 11. INDEPENDENCE OF DIRECTORS

In terms of assessing independence, Directors are considered to meet the threshold for independence if they are free of any interest, position, association or relationship that might influence, or could reasonably be perceived to influence, in a material respect their capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the Group and its security holders generally. Rather than applying materiality thresholds, materiality is assessed on a case-by-case basis.

In terms of longevity of time in office, the Board does not consider that independence can be assessed with reference to an arbitrary and set period of time, and the independence of any non-executive Directors who may have held office for some time, is considered on a case-by-case basis. The Company considers that its best interests and the best interests of its security holders are likely to be well served by the Company's mix of Directors, some with a longer tenure and deeper understanding of the Company and its business and others with

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a shorter tenure with fresh ideas and perspective.

During the reporting period, all the following current non-executive Directors of the Company were considered by the Board to be independent:

- Hamish McLennan (Chairman);
- Roger Amos;
- Paul Connolly; and
- Belinda Rowe (appointed 5 February 2019).

### 12. PERFORMANCE EVALUATION

As set out in the Board Charter, the Board is responsible for development and implementation of a process for evaluating the performance of the Board and its Committees.

From time to time, including during the reporting period, the operation of the Board, its Committees and individual Directors and their performance are discussed and, where appropriate, measures are taken to enhance their effectiveness. The Company uses various methods to evaluate performance including interviews with Directors. External advisors are also engaged to provide advice from time to time.

### 13. AGREEMENTS WITH DIRECTORS AND EXECUTIVE KMP

Directors are provided with written agreements setting out matters including their responsibilities, remuneration (including superannuation entitlements), disclosure obligations, requirement to comply with key corporate policies and confidentiality obligations.

Each Executive KMP has a written employment agreement which sets out his/her position, duties and responsibilities, reporting line, circumstances in which their service may be terminated and any entitlements on termination.

Further details can be found in the Remuneration Report in the Annual Report.

### 14. BOARD COMMITTEES

The Board has established a number of Committees to assist in the execution of its duties and to allow detailed consideration of various issues. Current Committees include, among others:

- the Remuneration, Nomination and Governance Committee; and
- the Audit & Risk Committee.

Each of these Committees consists entirely of non-executive Directors and each has its own formal charter setting out its role and any powers delegated to it by the Board. The Company regularly reviews its policies and charters, including during the reporting period, and where appropriate, such policies and charters are updated. Copies of the charters are available on the Company's website.

Matters recommended by these Committees are submitted to the full Board for approval.

### 15. REMUNERATION, NOMINATION AND GOVERNANCE COMMITTEE

The Company formed a Remuneration, Nomination and Governance Committee on 5 June 2019 to combine the roles previously performed by the Remuneration Committee and the Nomination and Governance Committee.

The Remuneration, Nomination and Governance Committee currently consists of the following non-executive Directors:

- Paul Connolly (Chair);
- Roger Amos;
- Hamish McLennan; and
- Belinda Rowe (appointed 5 June 2019).

The Remuneration, Nomination and Governance had at least three members, all of whom were independent non-executive directors for the reporting period. The Chair of the Remuneration, Nomination and Governance is independent. The Remuneration, Nomination and Governance Charter is available on the Company's website.

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The number of the Remuneration, Nomination and Governance Committee meetings (and the Remuneration Committee) during the reporting period and individual attendances of the members at those meetings is available in the Annual Report.

### NOMINATION AND GOVERNANCE MATTERS

In relation to nomination and governance matters, the main role of the Remuneration, Nomination and Governance Committee is to make recommendations to the Board on the following matters:

- the composition of the Board to ensure it is comprised of members who provide the required breadth and depth of skills, experience and knowledge to achieve the objectives of the Board;
- succession planning for the Board, and ensure that there are plans in place to manage the succession of the Chief Executive and other senior executives;
- the development and implementation of a process for evaluating the performance of the Board, its Committees and Directors;
- the process for recruiting a new Director, including ensuring any vacancies on the Board are filled with the best possible candidate through the use of executive search firms and/or by direct approach, ensuring appropriate checks are undertaken, considering the independence of the candidate and ensuring that new Board members are afforded induction and continuing professional development programs;
- consideration of the appointment of additional Directors to provide the expertise to achieve the strategic and economic goals of the Group;
- the re-election of Directors;
- the annual Corporate Governance Statement;
- the corporate governance policies to be implemented by the Company and amendments to existing corporate governance policies to reflect material changes in law and/or practice relating to corporate governance; and
- other matters referred to the Committee by the Board from time to time.

The Board appreciates that having a range of backgrounds, skills and experience can contribute to a well-functioning Board that robustly considers issues and makes decisions. The Board skills matrix in this Corporate Governance Statement demonstrates the range of skills and experience currently represented on the Board.

The Board skills matrix is reviewed annually, and where a vacancy arises or additional skills are deemed necessary, the Remuneration, Nomination and Governance Committee manages a process to identify suitable candidates, which may involve the engagement of an external search firm. Relevant candidates will be considered based on their fit, skills, experience and qualifications and recommendations will be made to the Board for final selection and appointment by the Board.

During the previous reporting period, Spencer Stuart was appointed as the Company's external board search consultant to find ideal candidates with the recommended skills, expertise and attributes for appointment to the Company's Board.

### REMUNERATION MATTERS

In relation to remuneration matters, the main role of the Remuneration, Nomination and Governance Committee is to:

- ensure that remuneration policies and practices are consistent with the strategic goals of the Group and are relevant to the achievement of those goals;
- recommend to the Board for approval remuneration arrangements and all reward outcomes for any executive Directors, the Chief Executive and direct reports to the Chief Executive;
- recommend to the Board for approval the Board fee arrangements for non-executive Directors;
- recommend to the Board for approval remuneration by gender (or other criteria supporting diversity); and
- recommend to the Board for approval any significant changes in remuneration policy and structure, including superannuation, employee equity plans and benefits.

The performance of the Executive KMP is evaluated on an ongoing basis by the Chief Executive who then makes recommendations to the Remuneration, Nomination and Governance Committee in relation to the appropriate remuneration level and package (including share schemes, incentives, superannuation and other benefits) for the

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Executive KMP based on their performance against budgeted targets (either Group or divisional as appropriate) and the achievement of individual business objectives. The Remuneration, Nomination and Governance Committee reviewed the remuneration of the Executive KMP (including the Chief Executive) during the reporting period in accordance with this process.

Further details on remuneration policy and the structure of non-executive Director remuneration and further details of the appraisal and performance evaluation applicable to Executive KMP appear in the Remuneration Report in the Annual Report.

### 16. AUDIT & RISK COMMITTEE

The Company has an Audit & Risk Committee. During the reporting period, the Audit & Risk Committee consisted of the following non-executive Directors:

- Roger Amos (Chair);
- Paul Connolly;
- Hamish McLennan; and
- Belinda Rowe (appointed on 5 June 2019).

The Audit & Risk Committee had at least three members, all of whom were independent non-executive Directors for the reporting period.

The Chair of the Audit & Risk Committee is independent and is not the chairman of the Board. The Charter of the Audit & Risk Committee and the qualifications and experience of its members are available on the Company's website.

The main role of the Audit & Risk Committee is to:

- review the scope, integrity and effectiveness of (among other matters) the external and internal audit functions, financial reporting and disclosures, risk management and compliance, due diligence procedures and the propriety of related party transactions;
- review and consider any reports or findings arising from any audit function either internal or external;
- review and ensure compliance of the Group's financial statements (including related ASX releases);
- oversee the Company's relationship with its external auditors;
- oversee and independently review the Company's and Group's Risk Management Framework;
- oversee and independently review the Company's and Group's Internal Audit & Risk function; and
- consider other matters referred to the Committee by the Board from time to time.

The Audit & Risk Committee has unlimited and unrestricted access to management and employees and regular meetings are held with the external auditors, providing an essential direct link between the auditors, management and the Board.

Audit & Risk Committee meetings are held at least four times every financial year to evaluate the financial information submitted to it and to review any procedures and policies that would affect the accuracy of that information.

Audit & Risk Committee meetings are regularly attended by the Chief Executive, Chief Financial Officer, Company Secretary, Internal Audit & Risk Manager and external auditors. Directors who are not members of the Audit & Risk Committee are invited to attend Audit & Risk Committee meetings as observers, are advised of meeting dates and times and are provided with Audit & Risk Committee materials.

The number of Audit & Risk Committee meetings during the reporting period and individual attendance of the members at those meetings appear in the Annual Report.

An ongoing five-year rotation policy applies to the engagement partner of the external auditor of the Company.

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### 17. RISK MANAGEMENT

The Audit & Risk Committee has oversight of risk management, and monitors the operational and financial performance of all business units through regular reports from the Chief Executive and Chief Financial Officer, to enable the identification of the key business and financial risks which may prevent the Group from achieving its objectives.

This enables the Board and senior executives to be fully informed of such risks and to ensure that appropriate controls are in place to effectively manage those risks.

As the Group is a media and entertainment group operating in Australia and Hong Kong, the Group is subject to diverse types of risk including, but not limited to, the following risks: legal and regulatory compliance, financial and market, government policy and political, reputation and brand, operational, and trading conditions.

The nature of the businesses and operations of the Group:

- means that any single risk apparent to a division must be considered in the context of Group materiality; and
- is a key reason for the Board's commitment to division-based responsibility for the implementation of risk management policy and the primary identifier of risk management issues.

The Company has a Risk Management Policy to facilitate a consistent approach to risk management and the reporting of risk across the Group. The Risk Management Policy is part of the Group's Risk Management Framework which outlines the Group's risk management processes, the roles and responsibilities of key stakeholders, documentation and reporting requirements.

The Company's Internal Audit & Risk function works through a schedule of prioritised risk areas across all major business units to provide an independent risk assessment and evaluation of operating and financial controls. The Internal Audit & Risk function is independent from the external auditor and reports the results of its reviews to the Audit & Risk Committee.

Implementation of enhancements to the Risk Management Policy and Risk Management Framework are recommended by the Committee for approval by the Board on an ongoing basis. The Company's approach to risk management is assessed at least annually by the Audit & Risk Committee in order to make a recommendation to the Board on the appropriateness of the Risk Management Framework. The Risk Management Policy is reviewed regularly and approved by the Board. During the reporting period, the Company reviewed its Risk Management Framework and was satisfied that it continued to be appropriate. In addition, enhancements were made to increase transparency of risk for the Board and Company's management.

During the reporting period, as part of the Company's risk management and internal compliance procedures, the Chief Executive and Chief Financial Officer reported to the Board in writing and in accordance with section 295A of the *Corporations Act 2001* that the Company's financial records have been properly maintained, and the Company's financial reports present a true and fair view of the Company's financial position and operational results, and are in accordance with relevant accounting standards.

The Chief Executive and Chief Financial Officer also declare to the Board that their statements are based on a sound system of risk management and internal compliance and controls and that this system is operating effectively in all material respects, and all material Group risks are being managed effectively. Management also reports to the Board as to the effectiveness of the Company's management of its material business risks.

The Group has no material exposure to any specific economic, environment or social sustainability risks that are not being managed in accordance with its policies.

#### APPROACH TO SIGNIFICANT BUSINESS RISKS

A summary of the Group's approach to significant business risks during the reporting period (including environment and social risks) is set out in the Annual Report.

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### 18. SHAREHOLDER COMMUNICATION AND CONTINUOUS DISCLOSURE

As part of an overall policy of open disclosure, the Company ensures that all material communications regarding its operations are made available for all interested stakeholders in a timely fashion. The Company has a policy in place to ensure compliance with the ASX Listing Rules regarding disclosure and to ensure accountability at a senior executive level for compliance. The Market Disclosure Policy is designed to ensure that there is full and timely disclosure of the Company's activities to shareholders and the market in accordance with the Company's legal and regulatory obligations.

In summary, the Market Disclosure Policy provides for the following:

- the disclosure of price-sensitive information (unless there is an applicable exception);
- the Company's approach to market speculation;
- disclosure responsibilities and procedures; and
- how external communications are conducted.

The Market Disclosure Policy also provides that:

- where possible, the Company will arrange for advance notification of significant briefings (including, but not limited to, results announcements) and make them widely accessible, including through the use of webcasting or any other mass communication mechanism as may be practical; and
- for shareholders who wish to attend General Meetings by proxy, to the extent considered practicable, the Company will provide for the electronic lodgement of proxy forms. The Company provides this facility for its General Meetings.

A copy of the Market Disclosure Policy is available on the Company's website. Under the Market Disclosure Policy, the Board will be promptly provided with a copy of all material market announcements and when a new and substantive investor or analyst presentation is to be given, a copy of the presentation materials will be released on the ASX Market Announcements Platform ahead of the presentation.

The Company facilitates two-way communication with shareholders (predominantly through its website and electronic communications). The Company's website lists announcements made to the market, presentations to industry analysts and investors, information on dividends and the Dividend Reinvestment Plan, summary historical financial information and information regarding annual and interim financial results among other matters. Market announcements are posted to the website as soon as practicable after release. Copies of recent past Company Annual Reports and details of the outcome of Annual General Meetings are also available from the website, or upon request directly from the Company.

Announcements (for the past six years) and financial results (for the past 13 years) are available on the Company's website. Shareholders also have the option to receive certain electronic communications from the Company and may contact the Company through a dedicated email address. Shareholders can also subscribe on the Company's website to automatically receive the following Company information by email:

- ASX Announcements;
- Weekly Summary Alert;
- Presentations & Recent Webcasts Alert; and
- Annual & Interim Reports Alert.

Shareholders can contact the Company via email addresses listed in the Contact Us section of the Company's website. Shareholders can also elect to communicate with the Company's share registry (Link Market Services Limited) electronically.

In relation to shareholder participation at General Meetings, shareholders are encouraged to attend either in person or by proxy or corporate representative (if applicable). The Company provides a facility for the electronic lodgement of proxy forms. Substantive resolutions are decided by a poll rather than by a show of hands. The Company has also provided live webcasts of its General Meetings through the Company's website. Shareholders attending Annual General Meetings are able to ask questions regarding the Financial Report, Directors' Report and Independent Auditor's Report or on Company management.

In addition, shareholders may ask questions of the external auditor, who is required to attend each Annual General Meeting, to respond to queries about the conduct of the audit of the Financial Report, the preparation and content

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of the Independent Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

### 19. SECURITIES TRADING

Directors and senior managers are made aware that the law prohibits insider trading. The Directors are aware that the *Corporations Act 2001* and the Listing Rules require disclosure of any trading undertaken by Directors or their related entities in Company securities.

In addition to these requirements and obligations, the Company has a Securities Trading Policy and Guidelines.

The Securities Trading Policy and Guidelines imposes trading restrictions on all Group employees with price-sensitive information and imposes additional trading restrictions on Directors, the Chief Executive and all his direct reports (and those directly reporting to them), Executive KMP, and participants in any HT&E Employee Incentive Plan (as defined in the Securities Trading Policy and Guidelines) during Company-designated closed periods (prior to the release of half and full year results and any additional periods imposed by the Company from time to time when the Company is considering confidential matters which are not required to be disclosed to the market under ASX Listing Rule 3.1A). The Securities Trading Policy and Guidelines also prohibits the entering into of any hedging or other arrangements by which the economic risk associated with any unvested options, rights or similar instruments held pursuant to an HT&E Employee Incentive Plan are limited. Any breaches of the Securities Trading Policy and Guidelines will be subject to disciplinary action, which may include termination of employment. A copy of the Securities Trading Policy and Guidelines is available on the Company's website.

### 20. ETHICAL STANDARDS

#### CODE OF CONDUCT

The Group has a Code of Conduct which comprises certain fundamental principles, values, ethical behaviour, anti-bribery and corruption policy and commitment to legislative compliance which is expected of the Group. The Code of Conduct covers policies and other standards within which Directors, employees and consultants are expected to act. A copy of the Code of Conduct is available on the Company's website.

Under the Code of Conduct, the practices necessary to maintain confidence in the Company's integrity and legal obligations and the reasonable expectations of stakeholders are summarised as follows:

- all Directors, employees and consultants are required to abide by laws and regulations and the requirements of the Code of Conduct and to respect confidentiality and the proper handling of information;
- all Directors and employees are required to act with the highest standards of honesty, integrity and ethics in all dealings with each other, the Group, customers, suppliers and the community;
- Directors or employees giving and receiving gifts in connection with the operation of the Group are covered by the Code of Conduct, as are political contributions which must not be made directly or indirectly on behalf of the Group without Board approval;
- bribes or similar illegal payments must not be made to government officials, customers, suppliers or any other person in connection with obtaining orders or favourable treatment; and
- full co-operation with internal and external auditors, proper record keeping and the avoidance of conflicts of interest are all required.

The Board and/or the Remuneration, Nomination and Governance Committee will be informed of any material breaches of the Code of Conduct. It is a term of standard Group employment contracts that employees are expected to comply with Company policies (which includes the Code of Conduct) and failure to do so is considered serious and may have consequences depending on the facts in each case, including termination of employment.

#### WHISTLEBLOWER POLICY

Reporting of instances of breaches of the Code of Conduct is required and the Company has adopted a Whistleblower Policy to assist in the identification and reporting of breaches of Company policy and similar matters. Concerns under the Whistleblower Policy may be submitted to the Chief Executive, his direct reports, the ARN Legal Counsel or the Company Secretary or alternatively, the Internal Audit & Risk Manager or the Chair of the Audit & Risk Committee. The recipient will then determine the appropriate action to take in order to investigate and validate the allegation, which may include the retention of lawyers, accountants, or other advisors. The Board and/or the Remuneration, Nomination and Governance Committee will be informed of any material breaches of the

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Whistleblower Policy. A copy of the Whistleblower Policy is available on the Company's website.

### FRAUD POLICY

The Group has a Fraud Policy which covers any fraud, or suspected fraud, involving employees as well as shareholders, consultants, vendors, contractors, and other outside agencies. A copy of the Fraud Policy is available on the Company's website.

## 21. DIVERSITY

### APPROACH TO DIVERSITY

The Company views diversity as being important to facilitating the achievement of corporate objectives and the continued growth and success of its businesses. In particular, it is the view of the Board that a diverse workforce is essential for the Company to be able to deliver its strategic objectives and continue to meet its responsibilities to its customers, its employees, the communities in which it operates, and its shareholders. A copy of the Diversity Policy is available on the Company's website.

The Company continues to further pursue its diversity objectives.

### PRINCIPLES

The Company believes that continued success and competitive advantage will be achieved by the Group providing an environment that respects, values and works to enhance a richness of diversity among its employees.

The Group will, accordingly, continue to focus on operating in a manner which:

- recognises the value of diversity-relevant work practices;
- differentiates in favour of and promotes structures and programs of diversity and inclusiveness;
- develops leaders who are active and visible sponsors of diversity and inclusiveness;
- sets meaningful objectives that demonstrate the commitment of the Group to align its operations to its diversity objectives; and
- supports equal pay for the same role/position and same qualifications and experience.

### OVERSIGHT AND SPONSORSHIP

The Board oversees the Group's focus on diversity, and delegates the responsibility for the management, oversight and administration of the Diversity Policy to the Chief Executive.

During the reporting period, the Chief Executive in conjunction with the human resources teams, oversaw and co-ordinated programs that improved diversity across the Group.

### PROGRAMS AND INITIATIVES

The Group has in place, and will continue to identify, develop and enhance, practices that promote and support an environment of diversity and inclusiveness.

Such programs and practices encompass wherever possible:

- employee recruitment;
- employment terms, including flexible work arrangements, job sharing, teleworking, parental leave and return to work;
- leadership development, including training in enhancing diversity practices and leading diverse teams; and
- reward and recognition.

### OBJECTIVES FOR GENDER DIVERSITY

Given the restructure of the Group after the sale of Adshel in 2018, the base against which the ratio of women in management level roles is measured were reset using figures collected from the end of 2018.

During the reporting period, the Company's measurable objectives for increasing gender diversity within the Group's workforce were updated and the Company's progress towards achieving those objectives for the reporting period are outlined in the table below.

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Measurable objectives for increasing gender diversity	Progress
Increase the ratio of women on the board	20% of the Board is female. (Belinda Rowe was appointed on 5 February 2019). As an ASX 300 entity, ASX Recommendation 1.5 recommends a measurable objective for gender diversity in the composition of the Board of not less than 30%.
Increase the ratio of women in management roles	35% of senior management <sup>1</sup> and their direct reports are female (in comparison to 39% for December 2018). The Company has in place processes and policies to facilitate an increase in the ratio of women in management roles.
Maintain an equal ratio of gender diversity in the organisation generally	53% of the workforce is female.
Conduct specific focused reviews in key work groups to identify and correct any potential barriers to the promotion of women	The Company conducted an update on the "Diversity, Engagement and Inclusion Survey" initiated in 2018.
Increase the number of women each year participating in any company Executive Leadership Development Program and other leadership programs, with the target of reaching 50% women being sponsored	Ongoing.
Develop effective policies and procedures to facilitate effective and flexible return to work arrangements for employees returning from parental leave. Specific actions to promote this will be implemented	The Company has in place and promotes flexible return to work arrangements for employees returning from parental leave.

A copy of the Diversity Policy is available on the Company's website.

### GENDER BALANCE

Women constitute approximately 35% of the senior management within the Group.

One of the four non-executive Directors of the Company is female.

### DIVERSITY INITIATIVES

During the reporting period, the Company took a number of steps to achieve its diversity objectives and satisfy the ASX Recommendations on diversity, including:

- the provision of training for senior and mid-level managers on how to support any employees should they have mental health issues;
- support of activities to increase the profile of R U OK? Day with the Company's employees;
- support of employees who are part of the LGBTQI+ community;
- continuation of paid parental leave;
- provision of a 'breast feeding room' equipped with a refrigerator for new mothers returning to work in Australia; and
- continued promotion of the diversity objectives, under the sponsorship of the Chief Executive, to further develop, embed and distil the Company's Diversity Policy and programs in support of the Diversity Policy.

The Company, in consultation with the Chief Executive, will annually review and approve measurable objectives for achieving diversity and assess progress in achieving them.

The Company submitted a *Workplace Gender Equality Act 2012* report in Australia.

This Corporate Governance Statement has been approved by the Board and is current as at 24 February 2020.

<sup>1</sup> The term senior management used in this Diversity section of the Corporate Governance Statement includes all executives reporting directly to the Chief Executive and the next level of management reporting to those senior executives.

## Corporate Governance Statement

### 22. SATISFACTION OF ASX RECOMMENDATIONS

The Company has considered the best practices established by the ASX Recommendations and has complied with those ASX Recommendations for the entire reporting period, unless indicated otherwise. The extent to which the Company's corporate governance practices satisfy the ASX Recommendations are set out in the following table, listing the reference to the relevant paragraph in the Corporate Governance Statement and whether the Company complies:

ASX Recommendation	Reference	Comply	
<b>Principle 1 / Lay solid foundations for management and oversight</b>			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	2, 6, 7, 8, 10	Yes
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	3, 5, 11, , 15	Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	13	Yes
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	9	Yes
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.  If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	21	Yes, aside from 30% gender diversity in board composition.
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	12	Yes
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	15	Yes

## Corporate Governance Statement

ASX Recommendation		Reference	Comply
<b>Principle 2 / Structure the board to be effective and add value</b>			
2.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a nomination committee which:               <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:                   <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	15	Yes
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	5	Yes
2.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the names of the directors considered by the board to be independent directors;</li> <li>(b) if a director has an interest, position or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</li> <li>(c) the length of service of each director.</li> </ul>	4, 11	Yes
2.4	A majority of the board of a listed entity should be independent directors.	6, 11	Yes
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity	6, 11	Yes
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	5	Yes
<b>Principle 3 / Instil a culture of acting lawfully, ethically and responsibly</b>			
3.1	A listed entity should articulate and disclose its values.	20	Yes
3.2	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</li> <li>(b) ensure that the board or a committee of the board is informed of any material breaches of that code.</li> </ul>	20	Yes
3.3	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a whistleblower policy; and</li> <li>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</li> </ul>	20	Yes
3.4	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose an anti-bribery and corruption policy; and</li> <li>(b) ensure that the board or a committee of the board is informed of any material breaches of that policy.</li> </ul>	20	Yes

## Corporate Governance Statement

ASX Recommendation		Reference	Comply
<b>Principle 4 / Safeguard the integrity of corporate reports</b>			
4.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have an audit committee which:               <ul style="list-style-type: none"> <li>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, who is not the chair of the board, and disclose:                   <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the relevant qualifications and experience of the members of the committee; and</li> <li>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul> </li> </ul>	16	Yes
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	17	Yes
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	17, 18	Yes
<b>Principle 5 / Make timely and balanced disclosure</b>			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	18	Yes
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	18	Yes
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	18	Yes
<b>Principle 6 / Respect the rights of security holders</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	1	Yes
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	18	Yes
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	18	Yes
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	18	Yes
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	18	Yes

## Corporate Governance Statement

ASX Recommendation		Reference	Comply
<b>Principle 7 / Recognise and manage risk</b>			
7.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a committee or committees to oversee risk, each of which:               <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:                   <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul>	16	Yes
7.2	The board or a committee of the board should: <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</li> <li>(b) disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	16, 17	Yes
7.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</li> </ul>	16, 17	Yes
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	17	Yes
<b>Principle 8 / Remunerate fairly and responsibly</b>			
8.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a remuneration committee which:               <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:                   <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>	15	Yes
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	15	Yes
8.3	A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> <li>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	19	Yes