



2016 CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Ten Network Holdings Limited ('the Company') is committed to responsible corporate governance in accordance with community and shareholder expectations.

This statement sets out the extent to which the Company has complied with the ASX Corporate Governance Principles and Recommendations (3rd Edition) (the 'ASX Guidelines') during the financial year ended 31 August 2016. This statement was approved by the Board on 19 October 2016.

The Company considers that its practices are generally consistent with those contained in the ASX Guidelines (except where referred to below).

Changes to the Company's Corporate Governance practices during the year to 31 August 2016

During the year, the Company completed a strategic transaction with Foxtel Management Pty Limited as agent for the Foxtel Partnership ('Foxtel').

Following the completion of that transaction, the Board of the Company was re-structured to reduce the size of the Board to six Directors to more closely reflect the size of boards of the Company's media peers and other companies with a similar market capitalisation listed on ASX, and also to further assist in making the decision-making process more efficient.

Since 27 July 2016, the Board has been chaired by David Gordon, an independent non-executive Director. Debra Goodin has also been appointed as an independent non-executive Director during the year to 31 August 2016.

Each of Birketu Pty Limited and Foxtel (being major shareholders in the Company) have nominated one Director to the Board, with the other three major shareholders (Hanrine Investments Pty Limited, Illyria Nominees Pty Limited and Aidem Holdings Pty Limited) being invited to nominate two directors in total between them. Each of Siobhan McKenna, Peter Tonagh, Andrew Robb and Andrew Lancaster are nominees of one of these major shareholders, and are accordingly classified as non-independent Directors – see section below entitled 'Independence of Directors'.

The Board of the Company is therefore comprised of a majority of non-independent Directors. The Board acknowledges that ASX Recommendation 2.4 provides that the majority of the board of directors of a listed entity should be independent directors.

The Company also acknowledges that the non-independent Directors have been appointed on behalf of five of the Company's largest shareholders, who in aggregate hold around 53% of the issued capital of the Company.

The Board considers that its decision-making process is not adversely affected by virtue of the majority of the Directors being classified as non-independent Directors, having regard to the following:

- the Board has adopted a Conflict and BSA Compliance Protocol to manage Board conflicts generally and potential breaches of the ‘control’ provisions of the *Broadcasting Services Act* that all Directors must comply with – see section below entitled ‘Board Conflicts’;
- in any case, the Board believes that all Directors of the Company including non-independent Directors have, in the performance of their duties as a Director, exhibited an independent exercise of judgment and acted in the best interests of the Company;
- the Board also considers that no major shareholder’s individual shareholding in the Company amounts to a controlling interest or one that enables the exercise of significant influence, having regard to the number of other significant shareholders of the Company; and
- in addition to his vote as a Director, Mr Gordon also holds a casting vote as Chairman under the terms of the Company’s Constitution.

The Board Committees (other than the Company’s Audit Committee) have also been restructured, having regard to the reduced size of the Company’s Board, to provide that each Director is also a member of each of the Company’s Remuneration and Nomination Committees.

In summary, compliance with the ASX Guidelines has been achieved as follows:

	ASX Principle	Compliance
Principle 1:	Lay solid foundations for management and oversight	
1.1	A listed entity should disclose: <ul style="list-style-type: none"> (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. 	Comply
1.2	A listed entity should: <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate 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. 	Comply
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Comply
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.	Comply

	ASX Principle	Compliance
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: <ul style="list-style-type: none"> (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organization (including how the entity has defined 'senior executive' for these purposes); or (2) 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. 	Comply
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Comply Comply
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Comply
Principle 2:	Structure the board to add value	
2.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (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 (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. 	Explain

	ASX Principle	Compliance
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Comply
2.3	A listed entity should disclose: <ul style="list-style-type: none"> (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association 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, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director. 	Comply
2.4	A majority of the board of a listed entity should be independent directors.	Explain
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.	Comply
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Comply
Principle 3:	Act ethically and responsibly	
3.1	A listed entity should: <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	Comply Comply
Principle 4:	Safeguard integrity in corporate reporting	
4.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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 (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. 	Comply

	ASX Principle	Compliance
4.2	The board of a listed entity should, before it approves the entity's financial statements for the 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.	Comply
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Comply
Principle 5:	Make timely and balanced disclosure	
5.1	A listed entity should: <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	Comply
Principle 6:	Respect the rights of shareholders	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Comply
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Comply
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Comply
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Comply
Principle 7:	Recognise and manage risk	
7.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (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 (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. 	Comply

	ASX Principle	Compliance
7.2	The Board or a committee of the board should: <ul style="list-style-type: none"> (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place. 	Comply
7.3	A listed entity should disclose: <ul style="list-style-type: none"> (a) if it has an internal audit function, how the function is structured and what role it performs; or (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 risk management and internal control processes. 	Comply
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Comply
Principle 8:	Remunerate fairly and responsibly	
8.1	The board of a listed entity should: <ul style="list-style-type: none"> (a) have a remuneration committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the members of the committee; and (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 (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. 	Explain Comply
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.	Comply
8.3	A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> (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 (b) disclose that policy or a summary of it. 	Comply

The Company is pleased to report in detail below on its performance in regard to the recommendations contained in the ASX Guidelines as they relate to the Company and its subsidiaries ("the consolidated entity").

Principle 1: Lay solid foundations for management and oversight

Key Responsibilities and Functions of the Board

The key responsibilities and functions of the Board of the Company are as follows:

- (a) considering the strategic goals of the consolidated entity as developed by management, approving appropriate goals, and monitoring the performance of the consolidated entity against them;
- (b) appointment of the Chief Executive Officer, the Chief Financial Officer and the Company Secretary, and the determination of their terms and conditions of appointment (including remuneration);
- (c) monitoring and evaluating the performance of senior management of the consolidated entity in achieving any strategies and budgets approved by the Board;
- (d) reviewing on a regular and continuing basis:
 - (i) executive and Board succession planning; and
 - (ii) executive development activities;
- (e) appointment of the Chairperson;
- (f) determination of the membership and terms of reference of Board committees;
- (g) adoption of, and monitoring compliance with, corporate governance policies including the risk management policy and internal controls;
- (h) determining any matters in excess of discretions that it may have, from time to time, delegated to the senior management;
- (i) approving each of the following:
 - (i) the financial and capital expenditure budgets;
 - (ii) significant changes to the organisational structure and the appointment of such senior officers as the Board may determine;
 - (iii) the acquisition, establishment, disposal or cessation of any significant business of the consolidated entity;
 - (iv) payment of dividends in accordance with the Constitution;
 - (v) the appointment of the external auditor and remuneration payable in connection with the audit of the financial statements and non-audit services;
 - (vi) the issue of any shares, options, equity instruments or other securities and any major debt obligations to be incurred by the consolidated entity;
 - (vii) annual financial statements and Directors' reports;
 - (viii) periodic news releases of the consolidated entity's financial results;
 - (ix) any changes to the discretions delegated from the Board; and
 - (x) the risk management policies of the consolidated entity;
- (j) monitoring compliance with regulatory requirements and ethical standards;
- (k) monitoring compliance with the ASX Listing Rules continuous disclosure requirements;
- (l) monitoring and enforcement of the provisions contained in Schedule 1 of the Constitution relating to compliance with the ownership and control provisions of the *Broadcasting Services Act*; and
- (m) establishing and monitoring compliance with protocols in respect of Board processes, including in relation to issues of potential conflict.

It is the role of senior management within the Company and its subsidiaries to manage the day to day activities of those companies in accordance with the direction and delegations of the Board. It is the Board's responsibility to oversee the activities of management in carrying out those delegated duties. The Board is also responsible for reviewing the strategies proposed by its management for the growth and operations of the consolidated entity.

In carrying out its governance role, the task of the Board has been to oversee the performance of the consolidated entity. The Board also seeks to ensure that the companies within the consolidated entity comply with all of their contractual, statutory and other legal obligations.

The key responsibilities and functions of the Board and the role of senior management as outlined above are set out in a formal document adopted by the Board entitled 'Responsibilities of the Board', a copy of which is available in the Corporate Governance section of the Company's website at tenplay.com.au/corporate

Appointment and Election of Directors

The Constitution of the Company provides that a Director (other than a Managing Director, Alternate Director and any Director who has been appointed to fill a casual vacancy or as an addition to the Board since the last annual general meeting) must retire from office (but may seek re-election) no later than three years following the Director's last election or appointment.

The Directors may appoint persons to fill casual vacancies or as additions to the Board. Any person filling a casual vacancy or appointed as an additional Director holds office until the next annual general meeting, where they must retire but are eligible for re-election.

Under the terms of the agreement with Foxtel at the time of the strategic transaction in 2015, Foxtel is entitled to nominate one Director to the Board. This Director must seek election and re-election in the usual course under the terms of the Company's Constitution but in the event that such Director is not elected or re-elected, Foxtel is entitled to nominate another person to fill the vacancy created.

Nominations to fill a casual vacancy are otherwise reviewed by the Nomination Committee, with recommendations submitted to the Board of Directors for approval.

A person is only eligible to be elected as a Director (other than if his or her re-election arises from retirement by rotation, or he or she has been appointed or nominated as a Director by the Board) where both the nomination of the person by a member and a consent to nomination signed by the person, are received by the Company at least 35 business days before the relevant general meeting.

Prior to appointing a person or putting forward to shareholders a candidate for election as a Director, the Company undertakes, subject to the consent of the relevant person, appropriate checks of that person.

When a candidate is proposed to shareholders for election as a Director or a Director is proposed for re-election, detailed information about the person, their professional background and areas of expertise and their independence are provided to shareholders, so that shareholders have all material information relevant to a decision whether or not to elect or re-elect that person as a Director.

Prior to the appointment of a Non-Executive Director, the Company also provides a contract to appoint the person as a Director, together with a copy of the relevant protocols and policies that relate to the performance of the duties and responsibilities of a Director. This contract sets out the arrangements

associated with the appointment of the person as a Director and the requirement to submit for appointment or re-appointment as a Director in accordance with the rotation provisions of the Constitution. The contract also notifies the person as to the time commitments associated with their role as a Director, their status under the terms of the Board's independence criteria and the obligations associated with dealing with conflicts, dealing in the Company's shares and notifying the Company as to changes in circumstances that the Company is required to notify any regulatory agency.

New appointees to the Board are also provided with an opportunity to attend a briefing by senior executives as to the Company's financial strategic, operational and risk management position, together with an understanding of the culture and values of the Company.

Executives are required to enter into an employment agreement at the time of their appointment. This agreement sets out their responsibilities, the structure of their remuneration, the termination arrangements and the obligations owed to the Company as an employee.

A Director may obtain independent professional advice, at the Company's expense, relevant to the discharge of his or her duties, in accordance with the deed of access, insurance and indemnity to which the director and the Company are parties.

Board Conflicts

In late 2015, the Board Conflict Protocol was revised having regard to the obligations contained not only in the *Corporations Act*, but also in the *Broadcasting Services Act* (now known as the 'Conflict and BSA Compliance Protocol'). The Protocol recognises that a Director may from time to time have a conflict between his or her duties as a Director and his or her personal interests or duties to another person. The Protocol acknowledges that all Directors have a right of access to information about the Company to ensure proper performance of their duties, but a Director who has a material personal interest in, or other conflict with, a matter to be considered by the Board must not be present during discussions or vote on that matter.

In the event that the Chairman considers that particular non-public information about the consolidated entity should not be provided to a Director because the Director has (or may have) a material personal interest or other conflict in relation to the matter, the Chairman is required to notify and discuss the issue with the relevant Director. In such circumstances, the Chairman will decide, following consultation with the Board (excluding the conflicted Director), whether the Director should be precluded from receiving the information. If the Chairman decides that the Director should be precluded from receiving the information, he or she will not be entitled to receive the information but will (if appropriate) be notified of the nature of the information. If the conflicted Director is the Chairman, this procedure will be followed except that the role of the Chairman will be performed by a committee to be comprised of three independent non-executive Directors (or if there is less than three independent non-executive Directors, one or more independent Directors other than the Chairman, provided such independent Directors do not themselves have a conflict of interest). A summary of this Protocol is available on the Company's website at tenplay.com.au/corporate

The Protocol incorporates provisions to assist in avoiding a breach of the 'control' provisions of the *Broadcasting Services Act*, in so far as they may be breached by the involvement of a Director who has been nominated to the Board by a shareholder who controls a regulated media operation outside the consolidated entity in certain matters relating to the consolidated entity.

Company Secretaries

Under the Constitution, a Company Secretary is required to be appointed and removed by the Board. During the year, the Company appointed an additional Company Secretary. The Company Secretaries are also accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including:

- advising the Board and its Committees on governance matters;
- monitoring that Board and Committee policy and procedures are followed;
- coordinating the timely completion and dispatch of Board and Committee papers;
- ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of Directors.

Directors have access to the Company Secretaries to assist in the provision of any information reasonably sought by Directors and the Company Secretaries are accountable to the Board through the Chairman on all governance issues.

Diversity arrangements

The consolidated entity has a Diversity Policy which is available on the Company's website. The Diversity Policy requires the consolidated entity to:

- develop and maintain a range of objectives, initiatives and programs to drive and maintain an inclusive and diverse workforce. The principal objectives are to maintain the current levels of gender representation in the workforce, to develop its female leaders for greater participation in management tiers, to deepen its current pay equity practices, to establish and implement a Reconciliation Action Plan (RAP) and to increase the education and awareness of Ten employees on diversity issues. The Board receives regular reporting in Ten's diversity initiatives.
- measure these objectives, initiatives and programs through a scorecard approach including its external hire and internal promotion rates, return from parental leave rates and training and development rates. Ten provides this data through the Male Champions of Changes annual report and the Workplace Gender Equity Agency annual reporting.
- meet the diversity requirements and gender balance initiatives, as set out in the ASX Guidelines and the *Workplace Gender Equality Act*.

The Company has also participated in the Workplace Gender Equity Agency CEO Pay Ambassador program and has hosted business forums to support its pay equity education campaign. The Company will continue to conduct pay equity analysis to ensure equitable pay practices.

The Company is also a member of the Male Champions of Change established in 2010 by Elizabeth Broderick, the former Sex Discrimination Commissioner, which seeks to achieve a significant and sustainable increase in the representation of women in leadership in Australia. As a consequence of the Company's involvement with this group, the Company has during the year committed to raising awareness of domestic and family violence, both internally and externally, through support from

senior executives, on-air talent ambassadors and the production and broadcast of community service announcements.

The Company also committed in 2015 to the 30% Club promoted by the Australian Institute of Company Directors under which it agreed to seek to achieve that 30% of its Directors would be female appointees by 2018. This goal was achieved in 2016, with Debra Goodin having recently joined Siobhan McKenna as a Director on the Company's Board.

As at 31 August 2016, the proportion of women who occupied each of the following role categories within the consolidated entity, was:

- Total employees (793) (2015:791) 44% (2015: 44%)
- Core executive leadership team (4) (2015: 7) 50% (2015: 43%)
- Senior executive roles (12) (2015: 9) 25 % (2015: 22%)
- Directors (6) (2015: 8) 33% (2015: 25%)

Employees are considered to occupy senior executive roles within the Company where they form part of the formal management group of the Company. Senior executives are included in the total employee numbers referred above.

The Company understands that its employees want to balance work with their personal lives and the needs that come with different stages of life. In order to help achieve this balance, flexible ways of working are increasingly being introduced to workplaces across Australia, including at Ten. Ten recognises the benefits of flexibility in the workplace, including attracting quality candidates during recruiting, retaining valued employees and providing a culture that encourages people to perform at their best, and has implemented the 'All Roles Flexible At Ten' program to promote flexibility in the workplace. The aim of 'All Roles Flexible At Ten' program is to make flexible work normal for everyone, for any reason.

Board performance and review

The Nomination Committee (previously the Board Performance and Renewal Committee) has responsibility to review the performance of the Board, its Committees and individual Directors and carries out that work by internal surveys and discussions as appropriate.

The Board also undertakes a performance review on an ad hoc basis of the Board, its Committees and individual Directors through the use of internal surveys, regular Board discussions and interactions.

Having regard to the fact that four of the Company's Directors were appointed during the year to 31 August 2016, a performance review of the Board, its Committees and individual Directors was not undertaken during the year to 31 August 2016 but the Board remains committed to undertaking annual review processes in future years.

Executive performance and review

In the case of senior Executives of the consolidated entity, the Board, in conjunction with the Chairman and Chief Executive Officer, undertakes a review of their performance during each reporting period, in the context of determining remuneration and incentives. The performance criteria for senior Executives are set out on page 16 of the Company's Annual Financial Report.

A performance review for each of the senior Executives was undertaken during the reporting period. Each of these performance evaluations was in accordance with the process described above.

Principle 2: Structure the board to add value

Nomination Committee

The Board maintains a Nomination Committee. As at 31 August 2016, this Committee was comprised of each of the Directors of the Company and the Committee was chaired by David Gordon, as Chair of the Company's Board.

The Board acknowledges ASX Recommendation 2.1 that the nomination committee of a listed entity should have at least three members, a majority of whom are independent director, and be chaired by an independent director. While the Nomination Committee has more than three members and is chaired by an independent Director, the majority of its members are not independent because each Director of the Company is a member and the majority of the Board are classified as non-independent Directors - see section below entitled 'Independence of Directors'.

Although it would be possible to constitute a Nomination Committee which complies with ASX Recommendation 2.1, the Board also considers that, having regard to the following:

- the reduced size of the Board
- the Nomination Committee generally meets in close proximity to the Board meetings of the Company
- the composition of the Board would result in this Committee comprising substantially similar members
- all Directors are considered to exercise independent judgement (refer above)

it is appropriate that each of the Directors participate in the discussion and decision-making activities associated with this Committee.

A Charter has been established which charges the Nomination Committee with responsibility for considering and making recommendations to the Board concerning issues associated with Board composition and succession planning, including the nomination of independent non-executive Directors to the Board. A copy of the Charter is available in the Corporate Governance section of the Company's website at tenplay.com.au/corporate.

The Nomination Committee has also formulated procedures and policies for the selection and appointment of new Directors and a copy of these procedures is available on the Company's website at tenplay.com.au/corporate.

Board skills

Information about the skills, experience and expertise of the Directors is contained at pages 7 to 10 of the Company's Annual Financial Report. This information also notes the period of office held by each Director in office at the date of the Annual Report.

Each Director brings different skills and professional services expertise to the Board. The Board seeks to achieve a mix of skills and diversity that includes international, corporate management and operational experience, as well as a deep understanding of the media and advertising industries in which the Company operates and the regulatory, environmental and community challenges it faces.

The Board renewal process involves the initial step of identifying skills and expertise of existing Board members which is followed by the step of identifying candidates who are able to offer the Company a diversity of skills and expertise to complement those of the existing Board members.

The Directors consider that the skills most relevant to Company's Board at this time are as follows:

- Media industry experience and expertise
- Strategic expertise in the technology and communications sectors
- Legal, regulatory and compliance expertise
- Finance, treasury, banking and risk management experience
- General management experience
- Culture, human resource and people management skills
- Consumer and marketing experience

The Board also considers that the Directors in office bring these skills, experience and expertise collectively to the Company's Board.

Independence of Directors

Details of the Directors who held office during the reporting period are set out on page 2 of the Company's Annual Financial Report.

The Company considers that David Gordon and Debra Goodin each meet the Board's criteria for independence.

In determining whether a Director is independent, the Board has regard to whether a Director is considered to be one whom:

- (a) has a material relationship as a supplier or customer or in any other contractual role with the consolidated entity (either directly, or as a partner, shareholder or executive officer of an organisation that has a material relationship with the consolidated entity);
- (b) is, or has been within the previous three years, employed by the consolidated entity;
- (c) is, or has been within the previous three years, a principal of a material professional adviser, the auditor, or a material consultant to the consolidated entity or an employee materially associated with the service provided;
- (d) is a substantial shareholder of the Company or an officer of, or otherwise associated with, a substantial shareholder of the Company;
- (e) has served on the Board of the Company for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the consolidated entity; and

- (f) is free from any interest and any business or other relationship that could, or could be perceived to, materially interfere with the Director's ability to act in the best interests of the consolidated entity.

The Board has previously determined that a material relationship is to be determined on the basis of fees paid or moneys received or paid to either a Director or a Director-related entity, which may impact the total revenue or total costs of the consolidated entity in the previous financial year by more than 5%.

These criteria continue to apply in determining the independence of Directors of the Company.

While a number of the Directors' related parties had dealings with the consolidated entity, such dealings were not material (refer the related party disclosures in the notes to the financial statements of the consolidated entity).

In accordance with the commentary associated with ASX Recommendation 2.3, the Board is required to consider the independence of its Directors not less than annually.

Each of Siobhan McKenna, Peter Tonagh, Andrew Robb and Andrew Lancaster, have been nominated for appointment by a substantial shareholder, as that expression is defined for the purposes of the Corporations Act. The Board considers, on the basis of the guidance on independence included in the ASX Guidelines and having regard to market practice, technically these Directors are to be classified as non-independent.

In doing so however, the Board believes that each of such Directors, in the performance of their duties as Directors, have exhibited an independent exercise of judgement and have acted in the best interests of the Company.

The Board also considers that, in each case, the relevant substantial shareholder's interest in the Company does not amount to a controlling interest or one that enables the exercise of significant influence, having regard to the number of other significant shareholders of the Company.

During the reporting period, Mr David Gordon, as an independent Director, held the role of Chairman and, accordingly, the Company complied with ASX Recommendation 2.5, which provides that the chair of the board should be an independent director, and should not be the same person as the chief executive officer.

Principle 3: Promote ethical and responsible decision making

The consolidated entity has adopted a Code of Conduct that governs conflicts of interest, corporate opportunities, confidentiality, unethical behaviour and compliance with laws and regulations. The Code applies to all Directors, employees and contractors of the consolidated entity.

A copy of this Code appears on the Company's website at tenplay.com.au/corporate.

The Company's Chief Financial Officer has also undertaken to the Audit Committee that he will comply with the Group of 100 CFO Code of Conduct.

In addition, each Executive is bound by a written employment agreement that also contains provisions dealing with confidentiality, conflicts of interest, compliance with laws and other policies adopted by the consolidated entity.

Principle 4: Safeguard integrity in financial reporting

Audit and Risk Committee

The Board of the Company has previously established an Audit and Risk Committee. The members of this Committee for the year ended 31 August 2016 comprised solely non-executive Directors. As at 31 August 2016, this Committee was comprised of:

- Debra Goodin (a member and Chair from 17 August 2016)
- David Gordon
- Siobhan McKenna
- Paul Gleeson (a member and Chair until 18 October 2016)

Each Director who chaired the Committee during the year ended 31 August 2016 holds a Bachelor of Economics degree, is a member of the Institute of Chartered Accountants and has significant experience in dealing with financial and accounting matters.

Further details of the qualifications of the members of this Committee may be found in their Director Profiles on pages 7 to 10 of the Company's Annual Financial Report. Details of attendances at meetings of the Audit and Risk Committee are set out at page 11 of the Company's Annual Financial Report.

The Audit and Risk Committee of the Company has a formal charter. The charter specifies the responsibilities of the Audit and Risk Committee which include:

- reporting to the Board on their activities;
- reviewing the effectiveness of management systems, in areas of greatest financial risk;
- recommending to the Board on the appointment of the external auditor and on the auditor's remuneration;
- reviewing auditor independence;
- maintaining a policy for the provision of audit and non-audit services by the external auditor;
- reviewing and assessing the auditor's report and the actions proposed by management in response;
- being satisfied that the scope of the audit is adequate especially in relation to areas where the Audit Committee believes special attention is necessary;
- reviewing the accounting policies and practices of the consolidated entity;
- monitoring compliance with the Company's Statement of Corporate Governance and Code of Conduct;
- reviewing related party transactions that may involve Directors, management and employees giving rise to actual or potential conflicts of interest and providing appropriate advice as to any necessary disclosures to the Board; and
- reviewing the half yearly and annual financial statements.

The charter is reviewed annually by the Audit and Risk Committee to determine if any changes are required. The charter for the Audit and Risk Committee may be accessed on the Company's website at tenplay.com.au/corporate.

In accordance with the *Corporations Act*, the lead and review audit partner is required to rotate at least every five years.

The Committee regularly meets with the external auditor in the absence of management so as to discuss potential issues associated with management controls, the preparation and audit of consolidated entity's financial reports and the performance of management in relation to such issues.

The partner from PricewaterhouseCoopers responsible for the audit of the financial statements of the consolidated entity attends the annual general meeting of the Company to answer any questions that shareholders may wish to raise in relation to the conduct of the audit of the financial statements.

Shareholders may submit written questions to the auditor in relation to the content of the auditor's report and the conduct of the audit of the annual financial statements, no later than the fifth business day before the annual general meeting.

Certification of annual financial statements

In accordance with the *Corporations Act*, the Directors may now only give their declaration in relation to the annual financial statements if the Chief Executive Officer and the Chief Financial Officer have made the declarations required pursuant to section 295A of the *Corporations Act* and otherwise as contained in their representation letters.

The Chief Executive Officer and the Chief Financial Officer provide representation letters to the Board prior to the approval of the half yearly and annual financial statements. These representation letters provide a sign-off in relation to various issues associated with the keeping of financial records generally, the preparation of the financial statements and the disclosures made. The representation letters include a declaration that, in the opinion of the Chief Executive Officer and the Chief Financial Officer, the financial records of the consolidated entity have been properly maintained and the financial statements comply with appropriate accounting standards and present a true and fair view of the financial position and performance of the consolidated entity, and that this opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Board has received assurance from the Chief Executive Officer and the –Chief Financial Officer that the declaration provided in accordance with section 295A of the *Corporations Act* is founded on a sound system of risk management and internal controls and that the systems are operating effectively in all material respects in relation to financial reporting risks.

Principle 5: Make timely and balanced disclosure

The Company, as a listed company, is required to comply with the Listing Rules of the ASX.

The Company has adopted a policy to ensure compliance with its continuous disclosure obligations, and is committed to providing timely, complete and accurate disclosure to the market. The policy seeks to ensure that if any Director, executive officer or employee of the Company becomes aware of any potentially materially price sensitive information, that person must inform the Chairman, the Chief Executive Officer, the Chief Financial Officer and/or the Company Secretaries, who are then responsible for ensuring that the Company complies with its continuous disclosure obligations.

The policy also provides directives on various disclosure issues including:

- managing market speculation and rumours to avoid the emergence of a false market in the Company's securities;

- briefing investors, analysts and the media;
- disclosing earnings expectations; and
- responding to analysts' reports.

A copy of the policy is available in the Corporate Governance section of the Company's website at tenplay.com.au/corporate.

In addition, the Company has a Policy for Dealing in Securities, a copy of which is also available in the Corporate Governance section of the Company's website at tenplay.com.au/corporate.

This policy provides that Directors, executive officers and employees of the consolidated entity must not deal in the Company's securities where:

- they are in possession of price sensitive or "inside" information; or
- in circumstances where the Company is in possession of price sensitive or "inside" information and has notified the persons to whom the policy applies that they must not deal in the Company's securities, either for a specified period or until the Company gives further notice.

Directors are to inform the Chairman when they wish to trade securities in the Company. Directors and senior Executives are prohibited from dealing in securities in the Company during any period commencing at the conclusion of each six monthly financial period and concluding on the day following the release of its relevant half yearly or full year announcement to the ASX. This policy also reflects the perception that, during these periods, Directors and senior Executives may be in possession of significant financial information associated with the preparation of the consolidated entity's periodic financial disclosures to the market.

In exceptional circumstances (such as financial hardship or a compulsory court order), the Board may waive the prohibition on dealing in the Company's securities during a blackout period.

The Policy also prohibits the buying and selling of the Company's securities within a three month period, entering into short term dealings (eg forward contracts) and the entry into transactions that limit the economic risk associated with holding the Company's securities.

Principle 6: Respect the rights of security holders

The Company respects the rights of its shareholders and facilitates the effective exercise of those rights through participation at general meetings and providing them with information about the Company and its operations.

The Company provides regular financial releases to the ASX in respect of its half-year (ending February) and full-year (ending August) financial results. These disclosures are generally made during March/April and October of each year.

The financial results are generally posted to the Company's website within 24 hours of disclosure to the ASX. Similarly, any other major disclosures to the ASX outside of the financial results are also posted to the Company's website. Those shareholders who wish to be advised of any announcements, may notify the Company's registry, who will arrange for an email to be sent to the shareholder advising

that an announcement has been posted on the Company's website on each occasion that a major disclosure is made by the Company to the ASX.

The Company provides webcast facilities to allow live and delayed access to presentations made to analysts and media representatives in respect of half yearly and full year financial results and major media announcements.

In addition, the Company's website provides information about the Company itself, its Board and senior management and its governance practices (and makes available the Company's Constitution and corporate governance policies).

The Company's website also includes a calendar which outlines the key financial dates for the Company for the year. The Company produces its annual review for dispatch to shareholders generally by early November each year. Shareholders are given the opportunity to "opt-in" to receive the annual review. In the event that a shareholder does not elect to opt-in to receive an annual review, they may alternatively elect to receive an email from the Company's share registry advising that the annual review and financial reports have been posted to the Company's website or will be notified at the same time as the notice of annual general meeting is sent to shareholders. Annual reviews and financial reports for previous years are also available on the Company's website.

The notice of annual general meeting for the Company is forwarded, together with a voting form allowing shareholders unable to attend the annual general meeting to be able to vote on the matters contained in the notice of meeting. Shareholders may also elect to complete their voting form on-line via the website for the Company's share registry.

The Company facilitates two-way communication with investors. Shareholders may communicate with the Company by email or direct enquiries to the Company's share registry.

Shareholders are encouraged to participate in the annual general meeting by asking questions and voting on the proposed resolutions.

The Company also requests that the external auditor attend the annual general meeting of the Company and be available to answer questions from shareholders about the audit and the preparation and content of the audit report.

The Company also provides webcast facilities to allow live and delayed access to general meetings of the Company which are accessible on the Company's website.

Principle 7: Recognise and manage risk

Audit and Risk Committee

The Board through the Audit and Risk Committee is responsible for ensuring the adequacy of the Company's risk management and compliance frameworks and its internal controls and for regularly reviewing its effectiveness.

The composition of this Committee, and the number of meetings held during the year and the attendance of Committee members at those meetings are set out above in the section in relation to Principle 4.

Risk management policy

A copy of the consolidated entity's Risk Management Policy is available in the Corporate Governance section of the Company's website at tenplay.com.au/corporate.

The policy identifies that:

- the Board is responsible for overseeing the establishment and implementation by the consolidated entity's management of risk management systems and reviewing the effectiveness of these systems;
- the Audit and Risk Committee of the Company has been delegated the responsibility for receiving submissions from the consolidated entity's management regarding the management of business risks, including the formulation and review of the business risks policy and other risk management policies; and
- management of the consolidated entity is responsible for the design and implementation of risk management and internal control systems to manage the Company's material business risks and to report to the Board on the effectiveness of those systems. This risk management and internal control system operates in accordance with the business risks policy through a formal organisation-wide risk management framework and other formal and informal risk specific frameworks and approaches.

Each of the consolidated entity's operational areas is required to identify the material risks which they consider may arise and to determine the probability of any such occurrence and its potential financial impact. Measures are then developed to control such risks in conjunction with other risk measures including where appropriate relevant insurance cover.

The Company's Risk Management Policy is designed to meet the criteria set down in ISO 31000. This policy is supported by specific formal and informal analytical techniques to identify and evaluate risk, and integration strategies to improve/optimize the consolidated entity's risk profile.

Risks and the effectiveness of their management are reviewed and reported regularly to the consolidated entity's senior Executives, the Audit and Risk Committee and the Board through various mechanisms depending upon the nature of this risk.

The Board is responsible for and has delegated to the Audit and Risk Committee the review of the Group's work, health and safety practices and procedures during the year.

The Audit and Risk Committee has reviewed the risk management and internal control systems of the consolidated entity during the reporting period and is satisfied that these systems continue to be sound.

In reviewing the risk management and internal control systems of the consolidated entity, the Chief Executive Officer and the Chief Financial Officer have also confirmed in writing that the consolidated entity's risk management and internal control systems are operating effectively in relation to material business risks for the period and have reported to the Board that the Company is effectively managing its material business risks.

Internal audit function

Due to the size of the consolidated entity, there is no internal audit function and the Company relies on the external reviews of its financial statements and controls generally throughout the organisation, which are undertaken by the external auditor.

Material exposures to economic, environmental and social sustainability risks

The Company's operating and financial review in the Directors' Report sets out the main internal and external risks that could adversely affect the Company's future operations and prospects.

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

The Board has a Remuneration Committee, which is comprised solely of non-executive Directors. As at 31 August 2016, this Committee comprised each of the Directors of the Company and the Committee was chaired by David Gordon, as Chair of the Company's Board.

The Board acknowledges ASX Recommendation 8.1 that the remuneration committee of a listed entity should have at least three members, a majority of whom are independent director, and be chaired by an independent director. While the Remuneration Committee has more than three members, all of whom are non-executive Directors, and is chaired by an independent Director, the majority of its members are not independent because each Director of the Company is a member and the majority of the Board are classified as non-independent Directors - see section above entitled 'Independence of Directors'.

Although it would be possible to constitute a Remuneration Committee which complies with ASX Recommendation 8.1, the Board also considers that, having regard to the following:

- the reduced size of the Board
- the Remuneration Committee generally meets in close proximity to the Board meetings of the Company
- the composition of the Board would result in this Committee comprising substantially similar members
- all Directors are considered to exercise independent judgement (refer above)

it is appropriate that each of the Directors participate in the discussion and decision-making activities associated with this Committee.

Details of attendances at meetings of the Remuneration Committee are set out at page 11 of the Company's Annual Financial Report.

The Remuneration Committee has a formal charter, a copy of which is available in the Corporate Governance section of the Company's website at tenplay.com.au/corporate.

The role of the Remuneration Committee is to:

- review the remuneration policy for the consolidated entity;
- approve the remuneration (including incentives) of the Chief Executive Officer and the Executives reporting to the Chief Executive Officer;
- review the performance and financial incentives of the Chief Executive Officer on an annual basis;
- review proposals for incentive plans prior to submission to the Board of Directors for approval;
- review human resources planning with particular emphasis on succession planning for senior group executive positions; and
- develop and oversee a formal gender diversity policy and its measurable objectives.

Remuneration policies and practices

Disclosure of the remuneration for each Director and each of the Executives comprising Key Management Personnel is set out on pages 20 and 21 of the Company's Annual Financial Report.

The structure of remuneration for non-executive Directors and the Executives are different. As explained in the Remuneration Report, Executives comprising Key Management Personnel receive fixed remuneration, employer contributions to superannuation funds and, subject to Board discretion, participation in a short term and a long term incentive plan.

Non-executive Directors receive fees determined by the Board, but within the annual aggregate limit approved by shareholders at a general meeting of the Company, and do not participate in any performance-based remuneration such as share or option plans offered by the Company.

There are no retirement benefit plans available to non-executive Directors of the Company. The consolidated entity does make contributions to approved superannuation funds on behalf of each eligible Australian resident non-executive Director in accordance with the superannuation guarantee legislation.

In addition, the Company's Policy for Dealing in Securities, a copy of which is available in the Corporate Governance section of the Company's website at tenplay.com.au/corporate, prohibits Directors and senior Executives from entering into a hedge transaction involving unvested equity pursuant to any equity-based remuneration plan operated by the Company. These prohibitions are reflected in the terms of the equity-based remuneration plans operated by the Company.

Website - Further information in relation to the consolidated entity is available on our website at www.tenplay.com.au/corporate.