



**CORPORATE  
GOVERNANCE  
STATEMENT  
2018**

# CORPORATE GOVERNANCE STATEMENT 2018

This statement provides an outline of the corporate governance framework for Nine Entertainment Co. Holdings Limited (**Nine** or the **Company**) for the year to 30 June 2018 (**Reporting Period**), demonstrating the extent to which Nine has complied with the ASX's Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition). This statement was approved by the Board on 22 August 2018.

## 1 Board and Management

### 1.1 Role of the Board

The role and responsibilities of Nine's Board, as set out in the Board Charter<sup>1</sup> include:

- i. approving Nine's strategies, budgets and business plans;
- ii. approving Nine's annual report including the financial statements, directors' report, remuneration report and this corporate governance statement;
- iii. approving major borrowing and debt arrangements, the acquisition, establishment, disposal or cessation of any significant business of Nine, any significant capital expenditure and the issue of any shares, options, equity instruments or other securities in Nine;
- iv. assessing performance against strategies to monitor both the performance of the Chief Executive Officer and other executives as determined from time to time by the People & Remuneration Committee;
- v. ensuring that Nine acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- vi. maintaining a constructive and ongoing relationship with the Australian Securities Exchange and regulators, and approving policies regarding disclosure and communications with the market and Nine's shareholders; and
- vii. monitoring and approving changes to internal governance including delegated authorities, and monitoring resources available to senior management.

Further, with the guidance of the People & Remuneration Committee, the Board is responsible for:

- i. evaluating and approving the remuneration packages of the Chief Executive Officer and other members of senior management;
- ii. monitoring compliance with the Non-Executive Director remuneration pool and recommending any changes to the pool;
- iii. administering short- and long-term incentive plans and engaging external remuneration consultants, as appropriate; and
- iv. appointing, evaluating or removing the Chief Executive Officer, and approving appointments or removal of all other members of senior management.

With the guidance of the Audit & Risk Management Committee, the Board is responsible for:

- i. preparing and presenting Nine's financial statements and reports;
- ii. overseeing Nine's financial reporting, including reviewing the suitability of Nine's accounting policies and principles and how they are applied, and ensuring they are used in accordance with the statutory financial reporting framework;
- iii. assessing information from external auditors to ensure the quality of financial reports;
- iv. overseeing Nine's financial controls and systems;
- v. reviewing, monitoring and approving Nine's risk management policies, procedures and systems; and
- vi. managing internal and external audit arrangements and auditor independence.

1. Copies of the Board Charter, Committee Charters and governance policies referred to in this Corporate Governance Statement are all available on Nine's website - [www.nineentertainmentco.com.au](http://www.nineentertainmentco.com.au)

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## 1.2 Delegation to Management

The responsibility for the operation and administration of the Group is delegated, by the Board, to the Chief Executive Officer and senior management within levels of authority specified by the Board from time to time. The Board ensures that this team is appropriately qualified and experienced to discharge its responsibilities and has in place procedures to assess the performance of the senior management team.

The Chief Executive Officer's role includes:

- i. responsibility for the effective leadership of the management team;
- ii. the development of strategic objectives for the business; and
- iii. the day-to-day management of Nine's operations.

The Chief Executive Officer may delegate aspects of his authority and power but remains accountable to the Board for Nine's performance and is required to report regularly to the Board on the conduct and performance of Nine's business units.

## 1.3 Board composition

The Board consisted of a majority of independent directors during the Reporting Period.

At all times during the Reporting Period, the Chairman, Peter Costello, was an independent director and not the same person as the Chief Executive Officer.

During the Reporting Period, the Board and its committees consisted of the following individuals:

| Name            | Tenure                | Independent                         | Committee membership  |
|-----------------|-----------------------|-------------------------------------|---|
| Peter Costello  | From 6 February 2013  | Yes                                 | Member of the Audit & Risk Management Committee   |
| Hugh Marks      | From 6 February 2013  | No                                  | None  |
| David Gyngell   | From 25 November 2010 | No (former Chief Executive Officer) | None  |
| Janette Kendall | From 5 June 2017      | Yes                                 | Member of the People & Remuneration Committee   |
| Samantha Lewis  | From 20 March 2017    | Yes                                 | Chair of the Audit & Risk Management Committee<br>Member of the People & Remuneration Committee |
| Catherine West  | From 9 May 2016       | Yes                                 | Chair of the People & Remuneration Committee<br>Member of the Audit & Risk Management Committee |

Details of directors' skills, experience and expertise and their attendances at Board and Committee meetings are contained in the Directors' Report.

## 1.4 Company Secretary

The Board appoints and removes the Company Secretary. All Directors have direct access to the Company Secretary who supports the effectiveness of the Board by monitoring that Board policy and procedures are followed, and co-ordinates the completion and despatch of Board agendas and papers. The Company Secretary is accountable to the Board through the Chair, on all corporate governance matters.

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## 2 Board appointment and reviews

### 2.1 Board appointment and induction

The processes to address succession of directors and ensuring that the Board is comprised of an appropriate mix of skills, knowledge, diversity, independence and experience are managed by the Board, rather than by a separate Nominations Committee. Those processes are described in this section and section 2.3.

The process for nomination of new directors is managed by the Board, under the leadership of the Chairman. Where a vacancy is to be filled, the Board considers the skills and expertise which it would be beneficial to add to the Board, then identifies suitable candidates (using an external search adviser if necessary). A process involving interviews and thorough checks on the candidate's background, references and qualifications is then undertaken, before a candidate is proposed to the whole Board for approval.

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

All Directors are issued with a letter of appointment that sets out the key terms of their appointment and Nine's expectations regarding involvement with Nine. Nine provides briefings to new Directors on Nine's business and strategy and their roles and responsibilities and access to previous board papers, as part of the induction. Directors may meet with Nine's auditors to receive a detailed briefing on Nine's financial reporting and audit issues. Directors also undertake site tours where possible, as a way of familiarising themselves with Nine's operations.

All directors are expected and encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their roles as directors. In addition, ongoing engagement with senior management across the business provides the Directors with development of their knowledge of industry issues.

Directors may obtain independent professional advice at Nine's expense on matters arising in the course of their Board and committee duties, after obtaining the Chairman's approval. The other Directors must be advised if the Chairman's approval is withheld.

### 2.2 Remuneration

The Remuneration Report, contained in Nine's Financial Report, sets out Nine's policies and practices regarding the remuneration of non-executive directors, executive directors and other senior management of the group. It also provides details of the remuneration paid to directors and certain other senior management of Nine in the Reporting Period.

Nine has a written employment agreement with each senior executive, setting out the terms on which she or he is engaged by Nine, including the components of fixed and variable or at risk remuneration payable to the senior executive.

### 2.3 Board skills matrix

The Board has adopted a skills matrix which is used, together with a consideration of the diversity present among the Board, in assessing the composition of the Board from time to time. The skills identified are:

|                            |  |
|----------------------------|--|
| Media Industry             | Working in or with the media industry in a significant capacity  |
| Content                    | Working in or with businesses that acquire, create or exploit content.   |
| Digital/New Media          | Working in or with digital/online businesses and emerging forms of media and technology                        |
| Direct to consumer         | Working in or with businesses that are consumer facing   |
| General business expertise | Gained in a substantial business, as a senior executive or director  |
| Strategy                   | Developing and implementing the strategic direction of an organisation   |
| Managing Risk              | Developing, implementing and overseeing risk management policies and procedures for a substantial organisation |
| Managing People & Change   | Expertise in human resource management, particularly through periods of change in a business or industry       |
| Political/regulatory       | Managing and influencing the political and regulatory environment  |
| Mergers & Acquisitions     | Expertise in undertaking corporate mergers or acquisitions activities  |
| Financial Markets          | Expertise in debt and capital markets  |
| ASX Governance             | Knowledge of the corporate governance and regulatory framework that applies to an ASX listed company           |
| Legal                      | Experience practising as a lawyer in a relevant field or exposure to legal issues relevant to Nine's business  |

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The Board considers that the current members, taken as a whole, satisfy the mix of skills identified in the skills matrix, as a majority of directors have a high level of expertise across each of the skills identified in the skills matrix. The Board also demonstrates diversity in terms of gender and international work experience.

The chart below shows the degree to which Board members, considered as a group, demonstrate a high level of the skills which form part of Nine’s skills matrix (with a score of 100% indicating that all directors have the skill to a high degree).



## 2.4 Review processes

The Board carries out a review of the performance of the Board and directors and each committee reviews its performance. During the Reporting Period, the Board conducted a review by a survey completed by directors and selected senior management, about performance of the Board. The results of the survey were then discussed by the Board, and the Chairman discussed performance with each individual director.

Nine has an employee performance review process which operates throughout the group. In addition, the People & Remuneration Committee reviews performance of the Chief Executive Officer and other senior management, in the context of determining incentives and remuneration.

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## 3 Committees

### 3.1 People & Remuneration Committee

The People & Remuneration Committee Charter sets out the terms of reference for the People & Remuneration Committee. The Committee's key responsibilities and functions are to assist the Board in discharging its responsibilities in connection with:

- i. Remuneration policies (including approving remuneration arrangements for the Chief Executive Officer, directors and senior management);
- ii. Short- and long-term incentive plans; and
- iii. Succession and development plans for the Chief Executive Officer and senior management.

At all times during the Reporting Period, the People & Remuneration Committee comprised at least 3 members, with a majority of independent directors and was chaired by an independent director.

### 3.2 Audit & Risk Management Committee

The Audit & Risk Management Committee Charter sets out the terms of reference for the Audit & Risk Management Committee. The Committee's key responsibilities and functions are to assist the Board in discharging its responsibilities:

- i. to prepare and present Nine's financial statements and reports;
- ii. in relation to Nine's financial reporting, including reviewing accounting policies and principles, assessing significant estimates and judgements in financial reports and assessing information from internal and external auditors to ensure the quality of financial reports;
- iii. in relation to the entry into, approval, or disclosure, of related party transactions (if any);
- iv. in overseeing Nine's financial controls and systems;
- v. to review, monitor and approve Nine's risk management policies, procedures and systems; and
- vi. to manage audit arrangements, including auditor independence.

At all times during the Reporting Period, the Audit & Risk Management Committee comprised at least 3 members, with a majority of independent directors and was chaired by an independent director.

## 4 Reporting and Risk

### 4.1 Risk management

The Audit & Risk Management Committee oversees the effectiveness of Nine's financial controls and systems and the risk management function and evaluates the structure and adequacy of the Group's insurance coverage periodically.

Responsibility for risk management is shared across the organisation:

- i. The Board is responsible for overseeing the establishment of, and approving, the risk management strategy and policies of Nine.
- ii. The Board has delegated to the Audit & Risk Management Committee responsibility for:
  - a. identifying major risk areas;
  - b. reviewing, monitoring and approving Nine's risk management policies, procedures and systems (at least annually) to provide assurance that major business risks are identified, consistently assessed and appropriately addressed;
  - c. ensuring that risk considerations are incorporated into strategic and business planning;
  - d. providing risk management updates to the Board and any supplementary information required to provide the Board with confidence that key risks are being appropriately managed;
  - e. reviewing reports from management concerning compliance with key laws, regulations, licences and standards which Nine is required to satisfy in order to operate;
  - f. overseeing tax compliance and tax risk management; and
  - g. reviewing any significant findings of any examinations by regulatory agencies.

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The risk management framework was reviewed during the Reporting Period, and adjustments were made to reflect changes in Nine's circumstances since it was last reviewed.

- iii. Nine management is responsible for establishing operational processes and policies to support Nine's risk management framework, including identifying major risk areas and effectively identifying, monitoring, reporting on and managing key business risks. During the Reporting Period, Nine reviewed and revised its Delegation of Authority Policy to take account of changes in organisational structure since it was last reviewed.
- iv. Each employee and contractor is expected to understand and manage the risks within their responsibility and boundaries of authority, as set out in Nine's internal policies, when making decisions and undertaking day-to-day activities.

Nine has processes in place to identify and assess major risks, whether at an enterprise level or a project level, and to manage those risks.

Nine's internal processes include establishing operating plans and budgets, periodic reforecasting and monitoring of progress against the approved plans and budgets. There are controls in place in relation to matters such as approval of payments and approval of contracts, which are designed to ensure that levels of delegated authority are adhered to. Staff and business units have both financial and non-financial KPIs, which are monitored.

Nine has a thorough system for managing workplace safety, including regular reviews of policies and standard operating procedures, training for staff, consultation with staff through WHS committees at each site and site inspections to identify any changes in risks.

Nine did not have an internal audit function during the Reporting Period, as it considered that the processes outlined above were sufficient to evaluate and improve the effectiveness of its risk management and internal control processes. In addition, Nine engaged an independent accounting firm to review the efficiency and effectiveness of some of Nine's financial controls and processes, including payroll and payments. During the Reporting Period, Nine through the Audit & Risk Management Committee, determined that given the size and complexity of Nine's operations, it was appropriate to appoint an internal auditor. The manner of implementing that decision will be determined as part of the proposed merger with Fairfax Media Limited.

## 4.2 Reporting by CEO and CFO

The Chief Executive Officer and Chief Financial Officer are each responsible for reporting to the Audit & Risk Management Committee any proposed changes to the risk management framework. Any exposures or breaches of key policies or incidence of risks, where significant, must be reported to the Audit & Risk Management Committee and the Board.

The Chief Executive Officer and Chief Financial Officer are required to provide to the Board declarations in accordance with section 295A of the Corporations Act which confirm:

- i. that the financial records of Nine have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of Nine's financial position and performance;
- ii. their view that the Company's financial reporting is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- iii. the Company's risk management and internal compliance and control system is operating effectively in all material respects.

These declarations were provided before the half year accounts to 31 December 2017 and the full year accounts to 30 June 2018 were approved by the Board.

## 4.3 Material exposure to risks

Nine has exposure to risks that could impact on Nine's reputation or its ability to meet its financial and operating goals, including:

- Loss of key programming rights;
- Changes in the competitive landscape for media businesses, including changes in the advertising market or a reduction in free to air television's share of the advertising market;
- A reduction in Nine's share of the free to air television market;
- Changes in the way in which consumers find and access content;
- Operational risks, such as transmission failures, system security and data privacy; and
- Changes in the regulatory environment, including Nine's licence conditions and the regulation of content.

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The key risks affecting Nine's business and the way in which Nine manages those risks are outlined in the Operating and Financial Review in Nine's Financial Report.

Nine does not have any material exposure to environmental sustainability risks, given the nature of its business and operations.

Nine does not have any material exposure to social sustainability risks. However, Nine takes its role as a community participant seriously, and undertakes a number of initiatives to demonstrate and enhance its standing in the community, including:

- providing free airtime to community service organisations and charities for community service announcements;
- actively supporting a number of charities including the Sydney Children's Hospital Gold Telethon, Vinnies' CEO Sleepout and Rotary's drought relief appeal; and
- compliance with the Broadcasting Services Act 1992 (Cth), Commercial Television Code of Practice, the Press Council's Statement of General Principles and other regulatory obligations which affect the material which Nine can publish, and the manner in which it conducts its operations.

## 5 Diversity

### 5.1 Diversity Policy

Nine has adopted a Diversity Policy, to recognise the value of creating a workplace that is inclusive and respectful of diversity. Nine acknowledges the positive outcomes that can be achieved from a diverse workforce, and recognises the contribution of diverse skills and talent from its Directors and employees. In the context of the policy, diversity includes gender, age, ethnicity, cultural background, religion, sexual orientation, disability and mental impairment.

The Diversity Policy requires the Board to set and monitor on an annual basis Nine's performance against measurable objectives in relation to gender diversity, and other aspects of diversity.

### 5.2 Female representation

As at 30 June 2018, the proportion of men and women employed by Nine was as follows:

|                      | Women | Men |
|----------------------|-------|-----|
| Board of directors   | 50%   | 50% |
| Senior Executives    | 50%   | 50% |
| Total Nine workforce | 43%   | 57% |

For this purpose, "Senior Executives" are the Chief Executive Officer, and the Chief Executive Officer's Direct Reports.

\* Note that Nine has changed the definition of Senior Executive this year to be more meaningful and reflect our current structure. Using a consistent definition, female Senior Executive representation was 29% in 2017.



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## 5.3 Objectives for FY18

Nine's performance against the objectives for achieving gender diversity which were adopted for the Reporting Period was as follows:

| Objective  | Performance   |
|--|---|
| Recruitment process for all senior management appointments will include a senior female on the interview panel   | There were two open roles for competitive recruitment at the senior management level during the Reporting Period, for the Group Marketing Director (Karen Madden) and the Director - Human Resources (Vanessa Morley). Senior women from Nine were involved in the recruitment process for both positions.  |
| Implement a program for engagement with employees on parental leave, to encourage employees to return to work at the end of the parental leave period. | Nine has continued to work on connecting with employees who are on parental leave. This includes encouraging managers to discuss and plan how they will stay in contact with employees on parental leave (type of contact, frequency etc) as well as encouraging employees to remain connected through email.   |
| Report on initiatives that facilitate gender diversity for Nine  | <p>Activities of Nine and its subsidiaries which facilitate gender diversity for Nine include:</p> <ul style="list-style-type: none"> <li>• The launch of two mentoring programs targeted at women within Nine, one targeted at women in the early stage of their career and the other for women who are more advanced;</li> <li>• Launching the "Through Her Lens" video and event series to showcase the stories behind Nine's leading women and share inspiration and knowledge;</li> <li>• Flexible work options to assist employees to balance their work, family and other commitments;</li> <li>• Ensuring employees have access to opportunities within Nine based on merit;</li> <li>• Updating performance review tools and objectives to support a diverse workforce; and</li> <li>• Implementing policies that create a culture free from discrimination, harassment and bullying, and rolling out training across Nine in relation to these issues.</li> </ul> |

## 5.4 Objectives for FY19

The Board has adopted the following measurable objectives for FY19 for achieving gender diversity:

- Recruitment process for all senior management appointments will include a senior female on the interview panel;
- Further develop a program for engagement with employees on parental leave, to encourage employees to return to work at the end of the parental leave period; and
- Report on initiatives that facilitate gender diversity for Nine.

Nine is a 'relevant employer' under the Workplace Gender Equality Act. The most recent 'Gender Equality Indicators' are set out in Nine's Workplace Gender Equality Report, which is available at [www.wgea.gov.au](http://www.wgea.gov.au).

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## 6 Corporate Governance Policies

### 6.1 Code of Conduct

Nine has a Code of Conduct which applies to all directors and employees of Nine and its subsidiaries. The Code of Conduct:

- sets the ethical standards required in relation to conduct of Nine's business;
- provides clear guidance on Nine's values and expectations of staff, in relation to matters such as protecting confidential information, receipt of gifts, compliance with laws, protecting Company assets and outside interests of employees; and
- offers guidance to shareholders and other stakeholders on our values, standards and expectations and what it means to work for or with Nine.

### 6.2 Securities Trading Policy

Nine's Securities Trading Policy has been developed to educate the Board and employees of Nine about their obligations under the Corporations Act in relation to trading in securities. The policy sets black out periods in which shares cannot be traded by directors and employees to whom the policy applies. It requires those individuals to obtain consent before any trading outside a black out period is undertaken.

The Securities Trading Policy prohibits employees from entering derivative or other transactions which limit economic risk in respect of any Nine securities which are unvested or subject to a holding lock.

### 6.3 Disclosure Policy

Nine has a Disclosure Policy which sets out the processes which are followed by Nine to ensure that it complies with the ASX Listing Rules in relation to continuous disclosure. Nine has a Disclosure Committee which is tasked with determining whether announcements on potentially price sensitive matters are required, the content of announcements and ensuring that announcements are made within the time frame required by the ASX Listing Rules.

### 6.4 Shareholder Communications

Nine has a Shareholder Communications Policy which promotes effective communications with shareholders and other stakeholders and encourages effective participation at Nine's general meetings. Nine's website ([www.nineentertainmentco.com.au](http://www.nineentertainmentco.com.au)) provides ready access for shareholders to key corporate governance documents, ASX releases, financial reports and other information of relevance to shareholders. The website is updated as soon as possible after documents are released to the ASX under Nine's continuous disclosure obligations.

Nine and its share registry encourage shareholders to receive communications from Nine and its share registry electronically. The websites of Nine and its share registry both provide contact points for shareholders to communicate with Nine and the registry electronically.

Shareholders are invited to submit questions ahead of the Annual General Meeting, so that any issues raised by shareholders in advance can be responded to. There is also an opportunity for shareholders to ask questions or comment on matters relevant to Nine at the Annual General Meeting. Nine's auditor is always present at Annual General Meetings to answer questions about the conduct of the audit and the audit report.

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