



Corporate Governance Statement 2019

# CORPORATE GOVERNANCE STATEMENT 2019

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 2019 (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). While Nine is well advanced in assessing and implementing the steps needed to comply with the 4th edition of the Corporate Governance Principles and Recommendations, Nine is not yet in a position to report against the 4th edition.

This statement was approved by the Board on 21 August 2019.

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

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

- i. ensuring Nine's remuneration policies are aligned with its purpose, values, strategic objectives and risk appetite;
- ii. evaluating and approving the remuneration packages of the Chief Executive Officer and other members of senior management;
- iii. monitoring compliance with the Non-Executive Director remuneration pool and recommending any changes to the pool;
- iv. administering short- and long-term incentive plans and engaging external remuneration consultants, as appropriate; and
- v. 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 ultimately responsible for:

- i. preparing and presenting Nine's financial statements and reports;
- ii. overseeing Nine's financial reporting, including reviewing the integrity and 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 framework, policies, procedures and systems for managing financial and non-financial risks; 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. During the year, following the merger with Fairfax Media Limited, the delegation of authority across the group was reviewed and updated.

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 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
Patrick Allaway	From 7 December 2018	Yes	Member of the Audit & Risk Management Committee from 24 January 2019
Nicholas Falloon	From 7 December 2018	Yes	Member of the People & Remuneration Committee from 24 January 2019
David Gyngell	From 25 November 2010 to 7 December 2018	No (former Chief Executive Officer)	None
Janette Kendall	From 5 June 2017 to 7 December 2018	Yes	Member of the People & Remuneration Committee until 7 December 2018
Samantha Lewis	From 20 March 2017	Yes	Chair of the Audit & Risk Management Committee Member of the People & Remuneration Committee
Mickie Rosen	From 7 December 2018	Yes	None
Catherine West	From 9 May 2016	Yes	Member of the Audit & Risk Management Committee Chair of the People & Remuneration Committee

Details of directors' skills, experience and expertise and their attendances at Board and Committee meetings are contained in the Annual 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. During the previous year, the only new additions to the Board resulted from the merger with Fairfax Media Limited, with the appointment of three existing directors of Fairfax Media Limited to the Nine Board.

Where a casual 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 the Company's expectations regarding involvement with the Company. The Company provides briefings to new Directors on the Company's business and strategy and their roles and responsibilities and access to previous board papers, as part of the induction. Directors may meet with the Company's auditors to receive a detailed briefing on the Company's financial reporting and audit issues.

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 Annual 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 the company, 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

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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

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 about performance of the Board and committees. The results of the survey were then discussed by the Board.

Nine has an employee performance review process which operates throughout the company. 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. This took place during the Reporting Period.

## 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:

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

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

At all times during the year, other than 7 December 2018 (when the board was reconstituted following completion of the merger with Fairfax Media Limited) to 24 January 2019 (when the board met and considered the composition of committees), the Committee was comprised of three members. In the period from 7 December 2018 to 24 January 2019, it comprised of two members only.

## 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 the integrity and suitability of 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 the adequacy of Nine's financial controls and systems;
- v. to review, monitor and approve Nine's risk management framework, policies, procedures and systems for financial and non-financial risks; and
- vi. to manage audit arrangements and auditor independence.

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

## 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 the Company.
- 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 framework, 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 and making recommendations on changes to Nine's risk management framework;
  - e. overseeing tax compliance and tax risk management;
  - f. reviewing any significant findings of any examinations by regulatory agencies; and
  - g. reviewing any material incident involving a fraud or a breakdown of Nine's risk controls.
- 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.
- 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.

During the Reporting Period and following completion of the merger with Fairfax Media Limited, Nine commenced a review of its risk management framework, including reviewing and enhancing the internal resourcing and reporting structure on risk management and mapping of key risks. This work will continue over the coming year, with the assistance of an external adviser.



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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 regular site inspections to identify any changes in risks.

During the Reporting Period, the Company established an internal audit function. This role is carried out by an external service provider, who will attend meetings of and report to the Audit & Risk Management Committee in relation to the work which is carried out by the internal auditor. A work plan has been agreed with the internal auditor, for the first year of the engagement, with high level plans for future years' work in place.

## 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 2018 and the full year accounts to 30 June 2019 were approved by the Board.

## 4.3 MATERIAL EXPOSURE TO RISKS

The Company has exposure to risks that could impact on the Company's ability to create value for its shareholders, including:

- Loss of key programming rights;
- Changes in the competitive landscape for media businesses, including changes in the advertising market;
- Changes in the way in which consumers find and access content;
- Changes in the regulatory environment; and
- Cyber security and systems security more generally.

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 the Company's Annual Report.

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

The Company does not have any material exposure to social risks. However, the Company 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 and advertising space to community service organisations and charities for community service announcements;
- actively supporting a number of charities including the Sydney Children's Hospital Gold Telethon and the St Vincent de Paul CEO Sleepout; 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 broadcast and publish, and the manner in which it conducts its operations.

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## 5 Diversity

### 5.1 DIVERSITY POLICY

The Company has adopted a Diversity Policy, to recognise the value of creating a workplace that is inclusive and respectful of diversity. The Company 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 the company's performance against measurable objectives in relation to gender diversity, and other aspects of diversity.

### 5.2 FEMALE REPRESENTATION

As at 30 June 2019, the proportion of men and women employed by the Company was as follows:

	WOMEN	MEN
Board of directors	42.9%	57.1%
Senior Executives	38.5%	61.5%
Total Nine workforce	48.6%	51.4%

For this purpose, "Senior Executives" are the Chief Executive Officer and his direct reports.

### 5.3 OBJECTIVES FOR FY19

The Company's performance against the objectives for achieving gender diversity which were adopted for the Reporting Period is as follows:

Objective	Performance
Recruitment process for all senior management appointments will include a senior female on the interview panel	Senior Management is defined as the direct reports to the CEO. Given the organisational changes over the last year, there have not been any open competitive roles for senior management in FY19. However, through consolidation of leadership teams, Nine has maintained 49% representation of women in senior management roles.
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	Nine has continued to work on connecting with employees whilst they 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 etc. The 'Muddies' group provides an informal connection network for our working mothers, providing opportunity to share and learn from others' experience.
Report on initiatives that facilitate gender diversity for Nine	<p>In 2018, Nine introduced Women@Nine, a range of initiatives centred around development through mentoring, inspiration and networking. 27 women were mentored by 15 Executives over 2018, while Nine's Through Her Lens series of talks highlighted the experiences of senior women in Nine.</p> <p>Nine continues to support flexibility for our people, including a range of options such as working from home, reduced working hours and staggered start and finish times.</p> <p>Nine has introduced 'Our Way of Working' encouraging reasonable consideration of flexibility where it suits both the individual and the business.</p>

### 5.4 OBJECTIVES FOR FY20

The Board has adopted the following measurable objectives for FY20 for achieving gender diversity:

- At least 30% of board positions to be held by women and at least 30% of such positions to be held by men;
- At least 40% of senior executive positions (CEO and direct reports) to be held by women;
- At least 40% of management positions to be held by women;
- Gender balance in leadership and talent development.



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## 6 Corporate Governance Policies

### 6.1 CODE OF CONDUCT

The Company 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 the Company'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.

Material breaches of the Code of Conduct are reported to the People & Remuneration Committee or, if any such breaches involved fraud or other financial misconduct, would be reported to the Audit & Risk Management Committee.

### 6.2 SECURITIES TRADING POLICY

The Company's Securities Trading Policy has been developed to educate the Board and employees of the Company 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

The Company has a Disclosure Policy which sets out the processes which are followed by the Company to ensure that it complies with the ASX Listing Rules in relation to continuous disclosure. The Company 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.

Nine's Disclosure Policy requires that any briefing and presentation materials containing previously undisclosed information will be disclosed to the market through the ASX and Nine's corporate website.

### 6.4 SHAREHOLDER COMMUNICATIONS

The Company has a Shareholder Communications Policy which promotes effective communications with shareholders and other stakeholders and encourages effective participation at Nine's general meetings. The Company'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 the Company's continuous disclosure obligations.

Nine provides a webcast/teleconference facility for its results announcements, so that all shareholders can attend the presentation of the results.

The Company and its share registry encourage shareholders to receive communications from the Company and its share registry electronically. The websites of the Company and its share registry both provide contact points for shareholders to communicate with the Company 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 the Company at the Annual General Meeting. The Company's auditor is always present at Annual General Meetings to answer questions about the conduct of the audit and the audit report.

### 6.5 WHISTLEBLOWER POLICY

The Company has a Whistleblower Policy which applies to all directors and employees of Nine and its subsidiaries and has appointed a third party service provider to provide a confidential, anonymous means for notifications to be provided under the Whistleblower Policy. Any material incidents reported under that policy will be reported to the People & Remuneration Committee or, if the incident relates to fraud or other financial misconduct, to the Audit & Risk Management Committee.