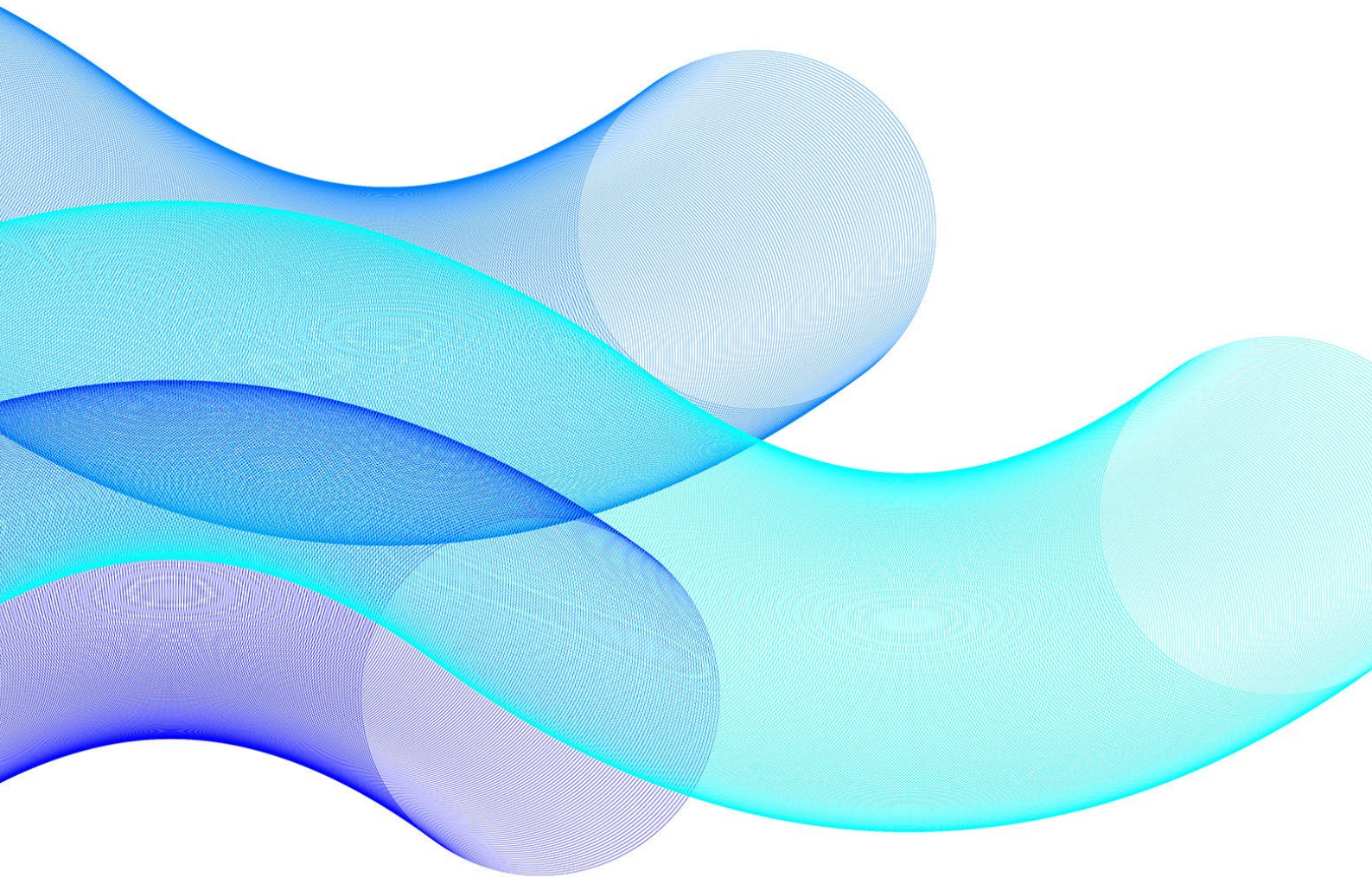


# 2020 CORPORATE GOVERNANCE STATEMENT

**August 2020**



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# Introduction

## Overview

Effective corporate governance is critical to long-term success of Vocus and the creation of sustainable shareholder value.

During the reporting period, Vocus Group Limited (**Vocus**) has continued its commitment to ensuring that it has effective corporate governance structures in place, consistent with best practice and the principles and recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) (ASX Principles). Whilst Vocus is not required to measure its governance practices against the ASX Principles until the financial year ending 30 June 2021, Vocus has elected to adopt the ASX Principles earlier.

In accordance with the ASX Listing Rules, to the extent that Vocus has not followed a recommendation as set out in the ASX Principles during the reporting period, Vocus explains its departure using an "if not, why not" approach.

In circumstances where Vocus follows a recommendation set out in the ASX Principles, rather than simply stating that fact, Vocus will provide detailed information to demonstrate the extent of its compliance, as Vocus recognises that this information will assist its stakeholders in understanding Vocus' corporate governance framework.

This Statement is current at, and was approved by the Board on, 17 August 2020.

## The Board and Management

### The Role of the Board

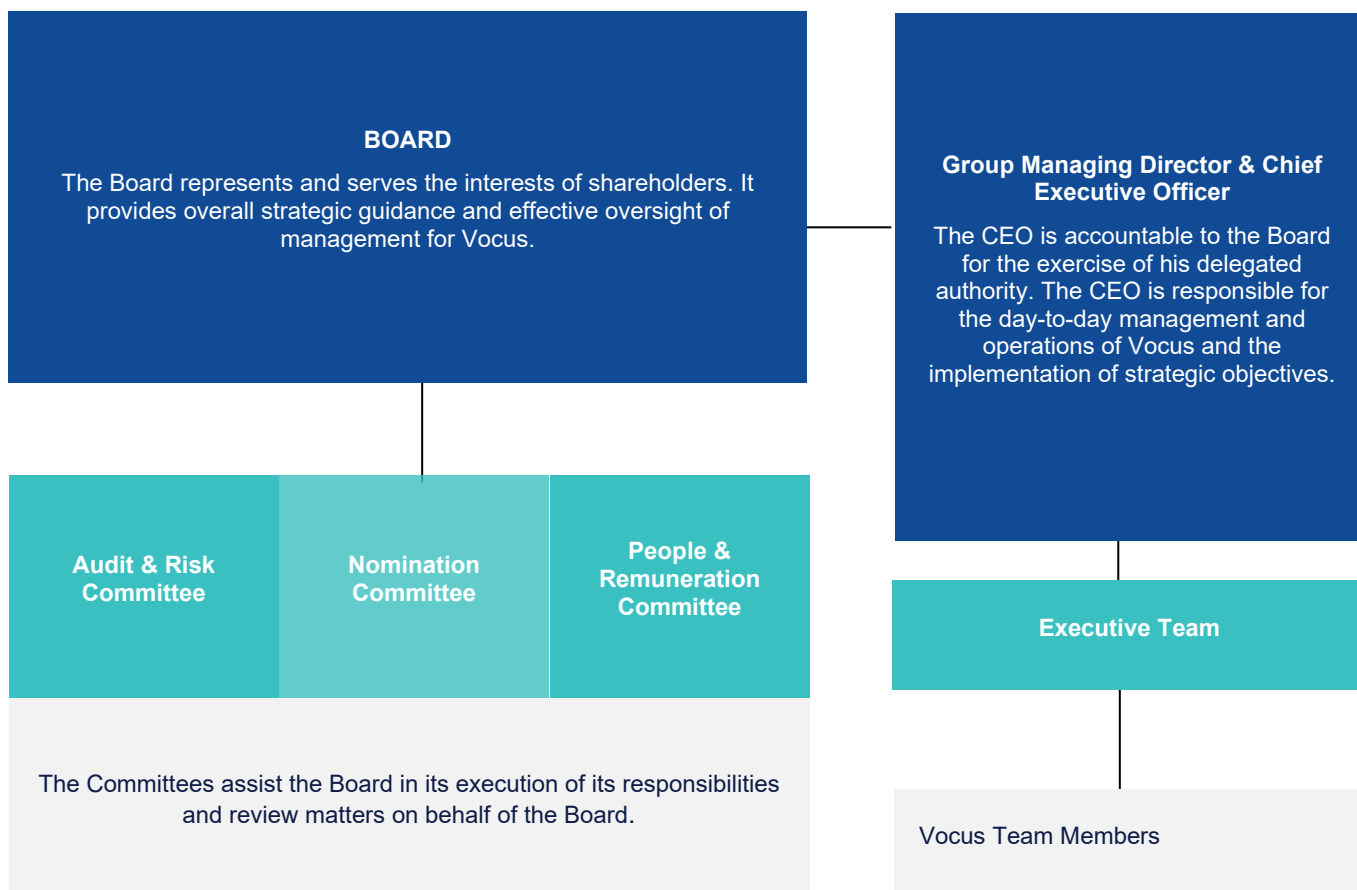
[Recommendation 1.1]

The Board has adopted a Board Charter that sets out the Board's role and responsibilities and establishes a clear delineation between the functions specifically reserved to the Board (namely, approval of budgets, changes to Vocus' capital structure, issue of shares, any acquisition or divestiture, matters impacting the reputation of the company, and succession planning and remuneration for the Group Managing Director & Chief Executive Officer (**CEO**)) and those functions delegated to the CEO, members of its Executive Team and others. This is formally documented in Vocus' Delegation of Authority Policy.

More broadly, the Board is responsible for the overall corporate governance of Vocus, which includes providing strategic leadership and direction, assessing and approving the material risks and how they are managed, and implementing appropriate policies relating to compliance, remuneration, diversity and ethical behaviour.

To assist the Board in performing its responsibilities, the Board has established a number of sub-committees which assist the Board in performing its responsibilities. Each sub-committee reports directly to the Board and together, they play a significant role in strengthening the Board's oversight of the company.

The diagram below outlines Vocus' governance framework and the functions reserved for the Board in accordance with the Board Charter:



## Directors' Appointment and Election / Re-election

[Recommendations 1.2, 1.3]

Directors are appointed to the Board and are subject to election by shareholders at the next annual general meeting following their appointment.

During the reporting period, the Board, through its Nomination Committee, commenced a review of the composition of the Board with the view to identify an additional candidate for the role of non-executive director, focusing on addressing the appropriate skill set (as outlined in the skills matrix) whilst considering the need for increased diversity on the Board. This included engaging external search consultants to assist the Nomination Committee with this process. In light of the uncertainty created by the COVID-19 pandemic over the course of H2FY20, the search for an additional non-executive director was postponed. However, Vocus expects to progress the recruitment of an additional non-executive director during FY21.

The Constitution also provides that a director must retire and may stand for re-election at the end of 3 years. Accordingly, Mr. David Wiadrowski, who was appointed to the Board on 24 July 2017, will retire as a director and offer himself for re-election at the next Annual General Meeting.

Vocus is committed to ensuring that it provides shareholders with all material and relevant information about a director's character, experience and qualifications that would be relevant to the shareholder making a decision on whether or not to elect or re-elect a director. The Explanatory Notes to the Notice of Annual General Meeting will include all material and relevant information as required.

Before the appointment of a director to the Board, the Board undertakes comprehensive checks as to each appointee's character, experience and background, including criminal history checks, bankruptcy searches, personal name searches and disqualified person searches. The Board also makes enquiries as to the other directorships and commitments held by each individual to ensure that they are able to commit sufficient time and resources to appropriately fulfil their roles as directors for Vocus.

Finally, the terms of appointment of each director are set out in a binding written agreement which specifies the roles and responsibilities of each director, including Vocus' expectations of their professional and personal behaviour, as well as details of remuneration and terms of appointment. This is intended to ensure that roles, responsibilities and accountabilities are clear and transparent, and that each parties' respective rights and obligations are well understood.

## Board Composition and Independence

[Recommendations 2.3, 2.4, 2.5]

The Board is comprised of 5 independent non-executive directors (1 of whom acts as Chairman), 1 non-executive director, and 2 executive directors, including the CEO. The Board regularly assesses the independence of each non-executive director, and of its committee members.

Board meetings are attended by all executive and non-executive directors and are chaired by the Chairman. If the Chair is unable to attend a meeting in person, the Chair of the Audit & Risk Committee acts in the capacity of the chair of that particular meeting. Members of the Executive Leadership team also attend a significant part of each Board meeting, in order to answer questions, provide explanations and to present their operational areas of responsibility to the Board. The Board also meets "in camera" without any executives present (including the two executive directors), on at least on a half-yearly basis.

The Board comprises the following directors as at the date of this Corporate Governance Statement:

Director	Position	Independent?	Appointment Date	Anniversary (30 June 2020)
Mr Robert Mansfield AO <sup>1</sup>	Non-Executive Director (Chair)	Yes	1 January 2017	3.5 years
Mr Kevin Russell	Group Managing Director and Chief Executive Officer	No <sup>2</sup>	28 May 2018	2 years
Mr David Wiadrowski	Non-Executive Director	Yes <sup>3</sup>	24 July 2017	3 years
Mr John Ho	Non-Executive Director	No <sup>4</sup>	8 January 2018	2.5 years
Ms Julie Fahey	Non-Executive Director	Yes	2 February 2018	2.5 years
Mr Mark Callander	Executive Director	No <sup>5</sup>	28 May 2018	2 years
Mr Bruce Akhurst	Non-Executive Director	Yes	1 September 2018	1.75 years
Mr Matthew Hanning	Non-Executive Director	Yes	1 September 2018	1.75 years

<sup>1</sup> Mr Mansfield AO was appointed as Chairman on 5 March 2018.

<sup>2</sup> Mr Russell serves as CEO and is not considered to be independent.

<sup>3</sup> Mr Wiadrowski retired as a partner of PwC prior to his appointment as a non-executive director. PwC is appointed as the external auditor of Vocus and were appointed to this position in December 2018. Mr Wiadrowski was not involved in any way with the provision of services to Vocus during his career at PwC. Accordingly, the Board considers Mr Wiadrowski to be an independent director. Mr Wiadrowski is entitled to receive payments from PwC as part of a retirement plan. The payments are based on a set formula relating to his partnership and tenure with PwC. The amount is fixed and is not dependent on the revenues, profits or earnings of PwC. The Board is satisfied that this is not a conflict of interest and complies with the *Corporations Act 2001* (Cth) however, has in place appropriate safeguards to address any perceived conflicts of interest if they were to arise.

<sup>4</sup> Mr Ho indirectly holds a 18.18% interest in Vocus and is therefore not considered to be an independent director.

<sup>5</sup> Mr Callander, Chief Executive of New Zealand, serves as an Executive Director and is not considered to be independent.

Biographies of the directors, including their experience and qualifications, are set out in the Directors' Report section of the Annual Report. Details of directors' attendance at meetings during the year ended 30 June 2020 are also set out in the Directors' Report.

The Board Charter is published in the Corporate Governance section of Vocus' corporate website and is accessible from the following link: <https://www.vocus.com.au/legal/corporate-governance>. Further information about the Board, including individual directors, is published in the Investor Centre section of Vocus' corporate website and is accessible at: <http://vocusgroup.com.au/about-us/our-board/>.

## The Chairman of the Board

[Recommendation 2.5]

The Chairman of the Board, Mr Robert Mansfield, AO, is an independent, non-executive director. The role of the Chairman and his responsibilities, including providing leadership to the Board and Vocus as a whole, is set out in the Board Charter. The Chairman and the CEO are not the same person. Mr Mansfield has held the role of Chairman throughout the reporting period.

## The Group Managing Director & Chief Executive Officer

The CEO is responsible for the day-to-day management and the implementation of the strategic objectives of Vocus. Mr Kevin Russell has held the role of CEO throughout the reporting period.

## The Company Secretary

[Recommendation 1.4]

The Company Secretary advises the Board and the Chairman on all governance matters and is responsible for matters relating to the proper functioning of the Board.

The Company Secretary is directly accountable to the Board through the Chairman. Directors have direct access to and communicate directly with the Company Secretary, and vice versa.

## Executive Leadership Team

[Recommendation 1.3]

The CEO is supported by the Executive Team which is responsible for Vocus' day to day management and performance. Each member of the Executive Team has entered into a formal employment contract with Vocus which sets out his or her terms of employment. They also each have a clear understanding of their roles and responsibilities as well as the key performance indicators (KPI's) against which their individual performance is measured. The remuneration report sets out details of the remuneration policy application to those executive team members who are considered key management personnel, as well as the performance measures which were applied to them individually and the Board's assessment of that performance during the course of the year.

## Board Skills Matrix

[Recommendation 2,1, 2.2]

Vocus recognises that having a diverse range of skills, backgrounds and experience among its directors is important for dependable decision-making and the effective governance of Vocus.

The Nomination Committee, which is responsible for selecting and appointing directors to the Board, regularly reviews the core skills and experience which would be important for Vocus' board members to have in order for the Board to fulfil its responsibilities, and aims to achieve a balanced mix of skills, experience, independence and diversity appropriate for Vocus' size, complexity and unique circumstances as well as the industries in it operates, when appointing new Board members, as well as in developing or supporting continuous professional development programs for the Board.

The skills matrix below outlines the Board's current skills mix. Whilst no changes occurred to the Board composition over the reporting period, the directors continue to enhance their individual expertise to add depth and breadth of range within the skills matrix. The continued evolution of the skills mix of the Board and the alignment of the Board's skills with Vocus' long term strategy remains a key focus.

Skills	Description	Number of directors
Telco and Energy sector experience	Proven knowledge of, and experience in, the telecommunications and/or Energy sectors	6
Leadership – Board, Executive and Operational	Considerable experience at ASX listed board level or other major private company (board leadership); Sustained success at CEO or senior executive level in a major business or corporate	8
Strategy	Proven ability in developing and implementing successful strategies, including appropriately probing and challenging management on the delivery of agreed strategic objectives	8
Sales & Marketing, Customer Focus	Experience in developing and executing against growth sales and marketing strategies and plans; experience in development of product and/or customer management strategies	5
Financial acumen	Qualifications and experience in accounting and/or finance, including the ability to assess the quality of financial controls, analyse financial statements, assess financial performance, and oversee capital management and funding arrangements.	5
Investment and Treasury Management	Knowledge and experience in capital markets, banking, treasury and investments	3
Governance	Knowledge and experience in best practice governance structures, policies and processes	5
Risk management and compliance	Experience in establishing appropriate risk management and compliance frameworks which promote resilience to strategic, business, financial and non-financial risks, setting the risk appetite and overseeing organisational risk culture	4
Information technology	Knowledge and experience in the use and governance of critical information technology infrastructure and applications.	3
People & Remuneration	Understanding of the link between strategy, performance, desired behaviours, corporate culture, long term shareholder value creation and remuneration outcomes	8
Capital Projects	Experience with infrastructure / construction projects involving large scale capital expenditure and long-term investment horizons	3
Public policy & Regulatory Affairs	Experience in public and regulatory policy, including established relationships with industry groups and state and federal governments	5

## Director Induction and Professional Development

[Recommendation 2.6]

Vocus has a commitment to ongoing learning and development in all parts of its business, including at the Board level.

New directors undertake an induction program coordinated by the Company Secretary. The program includes briefings from the Chairman, CEO, Company Secretary, Executive Team and other key business and functional leaders, including the Chief Risk Officer, on business strategy and operations, company policies and procedures, governance frameworks, cultures and values, company history, as well as other important and relevant information.

“Deep Dive” sessions involving detailed briefings by the executive leader of the business or function and their leadership teams, focusing on strategy, goals, financial and non-financial operational performance, culture, regulatory issues, governance, key business risks and compliance requirements, are conducted on a rotational basis to ensure that all core Vocus areas are addressed during the year.

Additionally, external specialists from industry groups and professional advice firms regularly present to members of the Board on matters relevant to the various industries Vocus is involved in as well as accounting, corporate governance and risk management matters, to assist the Board to develop and maintain their skills and knowledge in these areas. Board members are also provided with an allowance for professional development expenses.

## Board and Executive Team Performance Evaluation

[Recommendations 1.6, 1.7]

The Nomination Committee is responsible for reviewing and assessing the performance of the Chairman, the Board as a whole, Board committees, individual directors and the CEO.

In FY20, the Board conducted a performance evaluation of the Board, its sub-committees and individual directors. The performance evaluation was conducted and facilitated by the Chairman and an external specialist, and took the form of a survey, individual 1:1 meetings and a final report. The results of the performance evaluation were discussed collectively by the Board, and more specific feedback and areas of performance were discussed between the Chair and individual directors.

The People & Remuneration Committee monitors the evaluation of the performance of the individual members of the Executive Team, and of the Executive Team as a whole, which is otherwise undertaken by the CEO. Both individual and team performance is evaluated annually against specific goals and key performance indicators which are set at the beginning of each financial year by the Committee and the CEO. These key performance indicators include both financial and non-financial elements, including culture, leadership and customer and employee NPS scores. There is no additional element of variable compensation which is paid to members of the Executive Team for achievement against these goals and key performance indicators. Instead, achievement of these goals and key performance indicators is considered to be a core expectation of the role.

## Remuneration

[Recommendations 8.2, 8.3]

Remuneration arrangements for non-executive directors are distinct from those for executive directors and members of the Executive Team. In particular, non-executive directors receive fees for their director services and do not receive equity or bonus compensation. Non-executive directors are also not entitled to receive benefits in connection with their retirement from office.

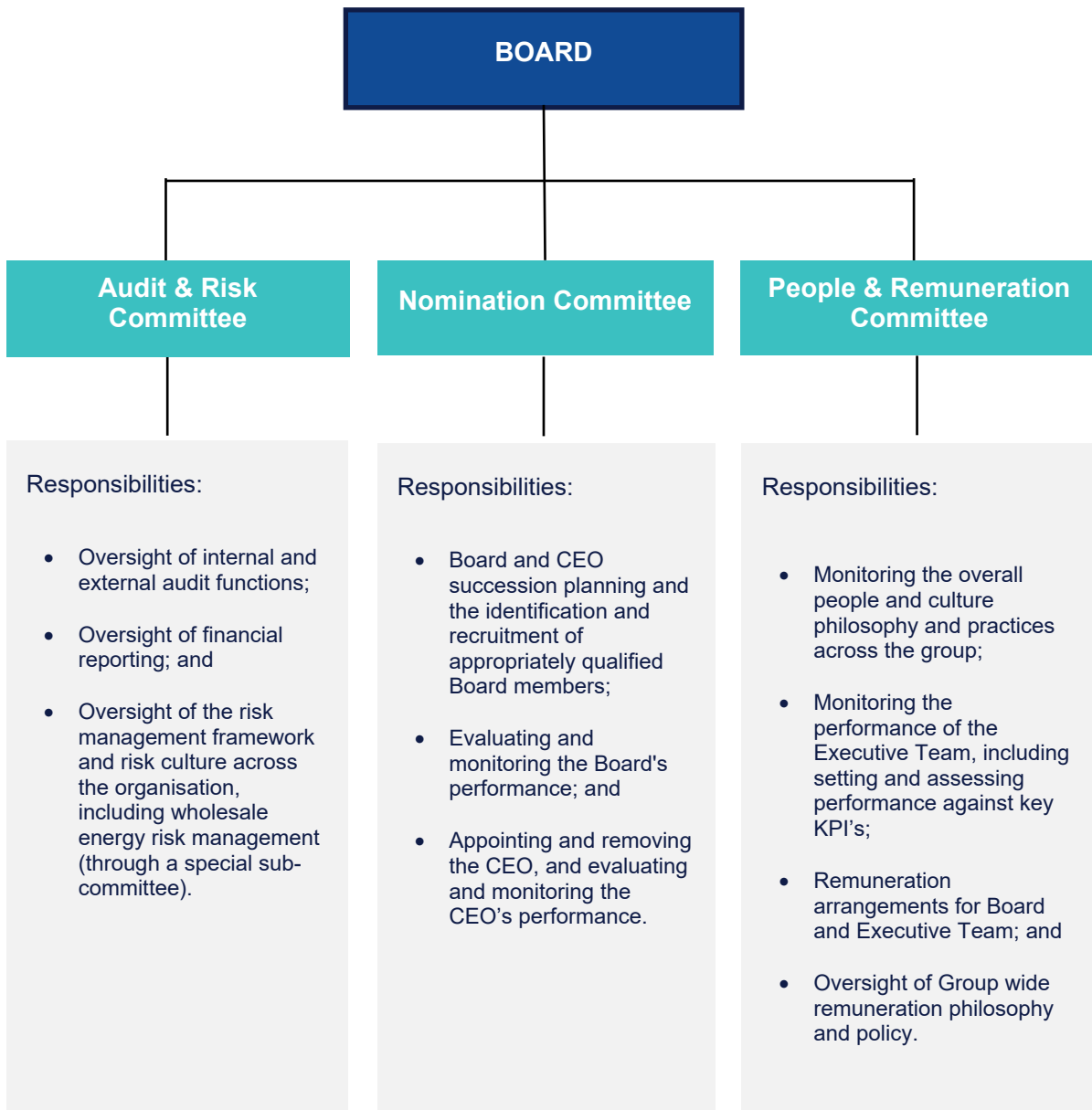
Further detailed information relating to Vocus' remuneration policies and practices for its directors and Executive Team is disclosed in the Remuneration Report forming part of Vocus' Annual Report for 2020.

Details of Vocus equity-based remuneration schemes (which apply to members of the Executive Team and a small number of other senior leaders) are set out in the Remuneration Report. Non-executive directors do not participate in this scheme. As set out in Vocus' Securities Trading Policy, participants are not permitted to enter into transactions of any nature which limit the economic risk of participating in this scheme.

## Board Committees



The following standing Committees assist the Board in exercising its responsibilities and provide it with recommendations and advice:



## Committee Membership as at the date of this report

Committee Name	Committee Members	Standing Invitees
Audit and Risk Committee	Mr David Wiadrowski (Chair) Ms. Julie Fahey Mr Matthew Hanning	Group Managing Director and Chief Executive Officer Chief Financial Officer General Counsel and Company Secretary  <b>Risk items:</b> Chief Risk Officer  <b>Finance items:</b> Head of External Reporting Group Treasurer Head of Tax  External auditors (PwC) Internal auditors (outsourced function – Deloitte)
Wholesale Energy Risk Sub-Committee	Mr David Wiadrowski (Chair)	Group Managing Director & Chief Executive Officer Chief Executive NZ Chief Financial Officer Chief Financial Officer New Zealand Chief Executive – Retail General Counsel and Company Secretary Group Treasurer General Manager - Financial Control General Manager - Energy Products Wholesale Manager - New Zealand Representative from RM Hedge
People and Remuneration Committee	Ms. Julie Fahey (Chair) Mr John Ho Mr Bruce Akhurst	Group Managing Director and Chief Executive Officer Head of People & Culture Remuneration & Benefits Manager General Counsel & Company Secretary
Nomination Committee	Mr Robert Mansfield (Chair) Mr David Wiadrowski Mr John Ho	None

In addition to the members of the committee, standing invitees also attend committee meetings. Non-committee members of the Board are welcome to attend any and all committee meetings. Reports from the Chairs of each committee on the key focus areas for that committee are a standing item on each Board agenda.

### Audit & Risk Committee

[Recommendations 4.1, 7.1]

The Audit & Risk Committee is constituted by three independent non-executive directors and is chaired by an independent non-executive Chair who is not the Chairman of the Board. Mr David Wiadrowski, Chair of the Committee, is an independent non-executive director. The relevant qualifications and experience of each member of the Audit & Risk Committee are set out in the Directors' Report. The Committee's core responsibilities and functions are set out in its Charter.

The following sub-committees have been established to support the Audit & Risk Committee and the Board to effectively recognise and manage risks, namely:

- the Wholesale Energy Risk Management Committee, chaired by Mr David Wiadrowski, which manages Vocus' exposure to the risk of fluctuating wholesale prices for gas and electricity in accordance with the Wholesale Energy Risk Management Committee Charter and the Vocus' Commodity Price Risk Management Policy (Board sub-committee); and

- operational Enterprise Risk Committees for Australia and New Zealand, which continue to be tasked to oversee the identification and management of day-to-day operational risks in Vocus' Australian and New Zealand operations respectively (Management Committees).

Both sub-committees provide standing reports at each Audit & Risk Committee meeting in relation to their key areas of focus.

The Directors' Report provides details of the number of meetings and attendance of members at the Audit & Risk Committee meetings.

The Audit & Risk Committee Charter and the Wholesale Energy Risk Management Committee Charter are published in the Corporate Governance section of Vocus' corporate website, accessible at: <http://vocusgroup.com.au/about-us/corporate-governance/>.

## Nomination Committee

[Recommendation 2.1]

Under the Nomination Committee Charter, the Nomination Committee must consist of a minimum of three members, a majority of independent directors and an independent director as Chair. This requirement is satisfied by the current membership of this Committee.

Mr Robert Mansfield, Chair of the Committee, is an independent non-executive director and Chair of the Board. The relevant qualifications and experience of each member of the Nomination Committee are set out in the Directors' Report. The Committee's core responsibilities and functions are set out in its Charter. The Committee held various formal and informal meetings to review the composition of the Board with the view to identify an additional candidate for the role of non-executive director, focusing on addressing the appropriate skill set (as outlined in the skills matrix) whilst considering the need for increased diversity on the Board. Although the search for a suitable candidate was postponed in early 2020, Vocus proposes to recommence recruitment of the non-executive director with the view addressing increased diversity on the Board during the course of FY21.

The Nomination Committee Charter is published in the Corporate Governance section of Vocus' corporate website, accessible at: <http://vocusgroup.com.au/about-us/corporate-governance/>.

## People & Remuneration Committee

[Recommendation 8.1]

The People & Remuneration Committee consists of three non-executive directors, two of whom are independent. Ms Julie Fahey, Chair of the Committee, is an independent non-executive director. The relevant qualifications and experience of each member of this Committee are set out on in the Directors' Report. The Committee's core responsibilities and functions are set out in its Charter.

The Directors' Report provides details of the number of meetings and attendance of members at the People & Remuneration Committee meetings.

The People & Remuneration Committee Charter is published in the Corporate Governance section of Vocus' corporate website, accessible at: <http://vocusgroup.com.au/about-us/corporate-governance/>.

## Diversity and Inclusion

[Recommendation 1.5]

Diversity is seen by the Board as a central tenet of Vocus' culture. Vocus is committed to providing an environment where people are treated with fairness and respect, and in which they have equal opportunities for advancement, and equal access to those opportunities.

Vocus seeks to promote diversity, including gender, age, ethnicity, culture, impairment, sexual preference and religion, in all areas of its business, and seeks to create an environment and culture where all employees have the opportunity to realise their potential, regardless of background and where individual difference is understood, respected and valued. Whilst Vocus' efforts are not limited to any one area, gender diversity continues to be a key focus, with efforts to increase levels of female representation at the operational, management, executive and board levels. Vocus' initiatives include

programs throughout the organisation, such as flexible working arrangements, compatible with individuals' circumstances and personal responsibilities, such as their parental responsibilities as well as individual cultural and religious needs; development programs to support an increasingly diverse group of individuals entering the leadership levels in the organization.

The People & Remuneration Committee is tasked with establishing measurable objectives for achieving gender diversity and to review these objectives and Vocus' progress in achieving them annually.

## Achievements in the current year

In this last year, the following objectives were met:

1. Continuing to build on the work of the Diversity & Inclusion Committee, led by three senior executives, and supported by representatives from a cross-section of the Vocus Community. A month-long series of events under the banner "All About VocUS" was organised by the Committee to raise awareness of mental health, disability, unconscious bias, flexibility for parents and cultural diversity.
2. Maintaining its current flexible working practices policy, and continuing to actively support flexible work practices (e.g. part-time, working from home, flexible start/finish time, job sharing) with the aim of increasing the percentage of employees working flexibly. With the majority of the workforce now having successfully transitioned to working from home environments during the COVID-19 pandemic, these working from home arrangements will form the basis for future flexible working arrangements on a more permanent basis for some team members.

## Targets for the year ending 30 June 2021

In July 2020 the People & Remuneration Committee approved a series of targets in respect of diversity and inclusion. The targets have been set in respect of the 5-year period ending in June 2025. Measurement of progress against these targets will be reported annually. Diversity and inclusion targets have been set in respect of:

- the gender balance of the board and workforce;
- the completion of a third-party analysis of remuneration to identify gender pay gaps (given the current analysis is performed in-house) and resolution of any discrepancies identified;
- increases to the take up of flexible working and return rates from parental leave; and
- scores achieved in employee surveys on issues concerning gender equality in the workplace.

In addition to these targets, in FY21 Vocus expects to:

1. Launch a new policy which recognises the cultural diversity of our people by making some of our public holidays flexible for religious or cultural reasons. The policy will allow team members to swap a public holiday (outside of the Christmas period which is part of an annual close-down) for a significant religious or cultural day that's more relevant and important to them.
2. Launch our first formalised summer internship programme, with a significant focus on recruiting a diverse intake, with particular consideration to gender diversity to address the gender imbalance within the telecommunications industry as a whole.

## Gender diversity data

The following table sets out key statistics on gender diversity, measured at 30 June 2020 and compared to the statistics in the previous corresponding period, for its Australian team members.

Role	30 June 2020		30 June 2019	
	Number of females	% of total	Number of females	% of total
Board	1	12.5%	1	12.5%
Executive Team	2	25%	3	37.5%
Senior Leadership Team <sup>1, 2</sup>	18	22%	22	37%
Other Team Members <sup>2</sup>	388	29%	356	28.5%

<sup>1</sup> Senior Leadership Team comprises senior managers who report directly to the Executive Team, with limited exceptions, and also includes members of the Executive Team.

<sup>2</sup> Data is for team members employed in Australia. In 2020, the total number of Other Team Members was 1,350 (2019: 1,248).

Vocus recognises that the proportion of female Board members does not yet achieve its target of increasing gender diversity at the Board during the reporting period. We note the information under the heading “Directors’ Appointment and Election / Re-election” where recruitment of an additional director had commenced, with the view to filling this diversity gap at the Board. As noted above, whilst the recruitment processes was postponed during the reporting period, Vocus has now set measurable targets and objectives to achieve greater diversity at the Board and across the wider business, and expects to progress this further throughout the course of FY21. .

Vocus Pty Ltd is the principal employing entity in the Vocus group and is a “relevant employer” under the *Workplace Gender Equality Act 2012* (Cth).

The Diversity Policy and Vocus’ most recent Gender Equality Indicators are published in the Corporate Governance section of Vocus’ corporate website, accessible at: <http://vocusgroup.com.au/about-us/corporate-governance/>

## Integrity of Financial Reporting, Risk Management and Assurance

The Board is committed to the integrity and quality of its financial reporting and its systems for risk management, compliance and internal control. The Audit & Risk Committee is responsible for providing non-executive oversight and review of the effectiveness of Vocus’ financial reporting framework, assisting the Board in carrying out its responsibilities in accounting, auditing and financial reporting. This Committee is also responsible for overseeing the review of Vocus’ risk management framework and its effectiveness in identifying and managing the key risks faced by Vocus, as well as assisting the Board in setting its risk appetite statement.

### Financial Reporting Assurance

[Recommendation 4.2]

Preparation of Vocus’ full year and half year financial statements is subject to a detailed process of review and approval by the Audit & Risk Committee, and by the Board.

As required under s295A of the Corporations Act 2001 (Cth), the Board receives written declarations from the CEO and the Chief Financial Officer (CFO) that the financial records of the company have been properly maintained, that the financial statements and notes comply with the accounting standards and give a true and fair view of the financial position and performance of Vocus for the period.

The Board also receives a declaration from each of them that their opinion has been formed on the basis of a sound system of risk management and internal controls, which were operating effectively.

These declarations were received by the Board for each of the half year and full year financial statements for the reporting period. The declarations were received from Mr Kevin Russell as CEO and Mr Nitesh Naidoo as CFO.

### External Audit

PricewaterhouseCoopers (PwC) was appointed as Vocus’ external auditor in December 2018

During Vocus’ 2019 Annual General Meeting held on 29 October 2019, the lead audit partner of PwC was in attendance. Shareholders were afforded the opportunity to ask questions in respect of the conduct of audit, in accordance with sections 250RA and 250T of the Corporations Act 2001 (Cth).

Mr David Wiadrowski, non-executive director and Chair of the Audit & Risk Committee is a retired PwC partner and is entitled to receive payments from PwC as part of a retirement plan. The payments are based on a set formula relating to his partnership and tenure with PwC, are fixed and are not dependent on the revenues, profits or earnings of PwC. The Board has concluded that the receipt of such payments does not represent a conflict of interest, however, has put in place appropriate safeguards to address any perceived conflicts of interest if they were to arise from time to time.

### Internal Audit

[Recommendation 7.3]

Vocus has an independent internal audit function which reports to the Audit & Risk Committee.

Internal audits are undertaken by specialist staff under the direction of a partner with oversight of all reviews, which ensures that the internal audit is effectively coordinated and that the persons undertaking the internal audit function have sufficient resources to undertake their role. Deloitte were appointed as internal auditors in 2019 and provide services in accordance with their Internal Audit Plan, which is developed in consultation with the Executive team taking into account Enterprise risks as well as the external regulatory environment and specific areas of focus as requested by management. The Plan is endorsed by the Audit & Risk Committee, who receive regular updates in respect of the progress of the plan and findings of completed audits.

Deloitte attends all meetings of the Audit & Risk Committee where internal audit is an agenda item for discussion.

As stated above, Vocus' statutory audit functions are undertaken by PwC, and so the appointment of Deloitte maintains the separation between Vocus' internal and statutory audit functions.

## Risk Management Framework

[Recommendation 7.2]

Vocus' enterprise risk management framework, together with its risk governance structure, is designed to provide a sound framework for managing the material risks faced by Vocus in conducting its business and operations.

Vocus has established a formal risk management framework and policy, as well as a formal risk appetite statement.

The framework, policy, and risk appetite statement are reviewed at least annually by the Audit & Risk Committee as well as by the Board. Prior to review by the Audit & Risk Committee, the Chief Risk Officer and the Executive Team undertake a detailed review and assessment of the key strategic, business, operational and environmental risks faced by Vocus, and of the risk management plans in place to mitigate those risks. Following review by the Audit & Risk Committee, the Board also undertakes an annual review of the material risks which have been identified by that exercise and considers whether or not all appropriate material risks have been addressed and appropriate risk mitigation plans are in place. These reviews, as well as a review of the formal risk appetite statement, were undertaken during the reporting period.

In addition, any concerns raised through the Enterprise Risk Committees and/or any breaches, deviations or non-compliances with the framework, policy or risk appetite statement are reported to the Audit & Risk Committee. The Committee also receives a standing report at each meeting of the status of any risk management or remediation initiatives being undertaken.

Vocus' delegations of authority policy, through which authority for specific day to day management decisions are delegated to the CEO and the Executive Team, is also regularly reviewed, at least annually.

Vocus' insurance program is also comprehensively reviewed by the Audit & Risk Committee annually, with the support of the Chief Risk Officer and Vocus' external insurance brokers. As a result of this year's review, Vocus' insurance program was further enhanced to increase the coverage available for statutory liability exposures, in response to the evolving regulatory landscape.

## Business, Environmental and Sustainability Risks

[Recommendation 7.4]

Vocus conducts an annual review of the company's exposure to economic, environmental and social sustainability risks, among other risks. This was completed by Vocus' Chief Risk Officer during the reporting period. Vocus does not consider that it has any material exposure to environmental and social sustainability risks.

Details of Vocus' exposure to economic, environmental and sustainability risks, including social sustainability, are set out in the annual Sustainability Report. Vocus will also publish its first Modern Slavery report providing details of the assessment of modern slavery risks in the supply chain and the steps being taken, or planned to be taken, to mitigate such risks.

Vocus has also developed a formal set of Sustainability Principles, which address, among other things, Vocus' expectations that its business be conducted in a manner which does not have a material adverse impact on the environment, the community or its business suppliers.

The Sustainability Principles are published in the Corporate Governance section of Vocus' corporate website, accessible at: <http://www.vocusgroup.com.au/about-us/corporate-governance/>.

## Vocus Values

[Recommendation 3.1]

In 2019 Vocus defined and launched a new set of Team Values. 90 workshops were held over a period of 6 months with over 1,000 participants to embed our values and define how they apply to individual teams. Values now form part of our new starter induction. We use our Shine Recognition program to celebrate behaviours and achievements that are matched up to one of the 4 values.

Value	Description
One Team	We share common goals, trust each other and collaborate to deliver.
Our People are the Difference	We build environments where our people thrive.
Disruptive Thinking Every Day	We see and create opportunities, move fast and set our own course.
Crazy About Customers	We let our customers know, through great service, products and experiences.

## Acting Ethically and Responsibly

[Recommendations 3.2, 3.3, 3.4]

The Vocus Code of Conduct applies to all directors, executives, and team members. The Code of Conduct is supplemented by a number of other policies which are intended to maintain integrity and confidence in Vocus and appropriately safeguard the reasonable expectations of Vocus' shareholders and other stakeholders, including:

- Communications and Continuous Disclosure Policy;
- Whistleblower Policy;
- Anti-Bribery and Corruption Policy;
- Securities Trading Policy;
- Risk Management Policy;
- Workplace Health and Safety Policy and
- Sustainability Principles.

The Code of Conduct, together with each other policy identified above in the commentary to this Recommendation, are published in the Corporate Governance section of Vocus' corporate website, accessible at:

<https://www.vocus.com.au/legal/corporate-governance>

## Hedging of equity-based remuneration

[Recommendation 8.3]

Vocus has adopted a Securities Trading Policy which prohibits Key Management Personnel ("KMP") from entering into any arrangement which would have the effect of limiting the KMP's exposure to risk relating to an element of the KMP's remuneration that has not vested in the KMP; or has vested in the KMP but remains subject to a holding lock. The policy was updated in the reporting period to align with the recommendations in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

Key Management Personnel is defined as any Director (whether executive or otherwise), and any Executive which has authority and responsibility for planning, directing and controlling the activities of the Group. The Securities Trading Policy can be viewed at: <https://www.vocus.com.au/legal/corporate-governance>.

## Continuous Disclosure

[Recommendation 5.1]

The Board is committed to ensuring that Vocus makes timely and balanced disclosures to the market. The Board treats Vocus' disclosure obligations under the ASX Listing Rules and the Corporations Act 2001 (Cth) seriously and has established appropriate policies and internal procedures to ensure that these obligations are met.

During the reporting period, the Board had in place a Communications and Continuous Disclosure Policy. The Policy addresses key disclosure issues, including those relating to acceptable conduct in respect of analyst briefings, media statements, public communications, circumstances in which trading halts must be requested and the internal processes for communicating announcements to the ASX in a timely manner. The policy was updated in the reporting period to align with the recommendations in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition).

All directors and employees have obligations under the Communications and Continuous Disclosure Policy, including to fully disclose to Vocus all details of market sensitive information which comes to their attention. Specific responsibilities are identified for the Chairman, the Board, the CEO, the CFO and the Company Secretary.

In accordance with the Communications and Continuous Disclosure Policy, meetings and discussions with analysts must be approved by the CEO, which are generally conducted by the CEO, CFO, or the General Manager – Investor Relations and Corporate Affairs. The discussions are restricted to explanations of information already within the market or which deal with information that is not market sensitive.

Additionally, the Board recognises the increased prevalence of social media and, in particular, the continuous disclosure issues arising through the deliberate or inadvertent misuse of social media. The Board has supplemented the Communications and Continuous Disclosure Policy with Social Media Guidelines, which sets out the key "dos and don'ts" when it comes to making commentary in respect of Vocus on social media.

The Communications and Continuous Disclosure Policy and the Social Media Guidelines are published in the Corporate Governance section of Vocus' corporate website, accessible at: <https://www.vocus.com.au/legal/corporate-governance>.

## Communications with Shareholders and Investor Relations

[Recommendations 5.2, 5.3, 6.1, 6.2, 6.5]

The Board is a proponent of the use of technology to increase its reach to its shareholders, wherever they may be located. Vocus' corporate website at <https://www.vocusgroup.com.au/> contains a range of documents and other information which are relevant to shareholders, including the following:

Style of reporting	Further details
Annual Reporting	Vocus' Annual Report is available under the Investors section of its website and contains key information about the company's activities and results for FY20.
Corporate Governance policies and information	Vocus' Constitution, committee charters, policies and other key corporate governance documents are available under the <i>Corporate Governance</i> section of the website.
ASX Announcements	All ASX announcements are made available under the <i>Investors</i> section of Vocus' website as soon as they are released by the ASX.
Annual General Meeting	Vocus' annual general meetings are generally held in either Sydney or Melbourne, and the meeting audio and slides are available online via webcast to ensure equality of access. This is accessible under the Investors section of Vocus' website.

Throughout the year, Vocus undertakes a detailed program of both scheduled and ad hoc interactions with its shareholders, including institutional shareholders and private investors, as well as with analysts and the financial media. This program is overseen by the General Manager – Investor Relations and Corporate Affairs, with support from the Chairman, CEO and the CFO as required.

On occasion Vocus may provide new and substantive investor or analyst presentations, for example as provided during our Strategy Day in July 2019. The presentation materials are released to the ASX Market Announcements Platform in advance of the presentation. All material market announcements are circulated to the Board of Directors promptly upon release to the market.



Shareholders are given the option to receive communications from, and send communications to Vocus and the share registry electronically. A preference for electronic communication is always upon becoming a shareholder but such an election can be made with the registry at any time.

Further information on how shareholders may communicate electronically with Vocus and its share registry is available at: <http://vocusgroup.com.au/contact-us/> and <https://www-au.computershare.com/investor/>.

## Conduct of the Annual General Meeting

[Recommendations 6.3 and 6.4]

Vocus holds its Annual General Meeting in either Sydney or Melbourne, reflecting the location of its largest shareholder bases. A webcast of the meeting is made available online to ensure equality of access.

Other processes and practices adopted by Vocus to facilitate and encourage participation by shareholders include:

- Providing proper advance notice of general meetings, including publishing key dates on the *Corporate Governance* section of Vocus' corporate website;
- Inviting shareholders to submit written questions to the auditor prior to the Annual General Meeting;
- Permitting direct voting in addition to voting via a proxy (or via a body corporate representative) or in person;
- Affording shareholders a reasonable opportunity to ask questions or make comments on the management of Vocus at each Annual General Meeting;
- Affording shareholders a reasonable opportunity to ask questions or make comments on Vocus' Remuneration Report at each Annual General Meeting;
- Affording shareholders a reasonable opportunity to ask questions of Vocus' external auditor in respect of the audit, the audit report, accounting policies and auditor independence at each Annual General Meeting; and
- Permitting electronic direct voting.

All substantive resolutions tabled for consideration at the AGM are decided by poll and not by show of hands.

For the 2020 AGM, Vocus may elect to conduct the meeting virtually to accord with public health guidance provided at the time, in accordance with the temporary modifications made to the Corporations Act 2001 under the Corporations (Coronavirus Economic Response) Determination (No.1) 2020. Further details will be provided in the notice of meeting.

## Release of Unaudited Information

[Recommendation 4.3]

Any periodic report which is released to the market and has not been subject to an audit or review by an external auditor, is subject to a comprehensive verification review process undertaken by the Company Secretary, who is independent of the preparation of such reports. This review is undertaken to ensure any statements can be supported by suitable evidence.