

2019 CORPORATE GOVERNANCE STATEMENT

Introduction

Overview

Good corporate governance is central to Vocus' approach to creating long term and sustainable shareholder value.

During the reporting period, Vocus Group Limited (Vocus) 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 (3rd Edition)* (**ASX Principles**). Vocus will report against the 4th edition of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* in the reporting period ending 30 June 2020.

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, 21 August 2019.

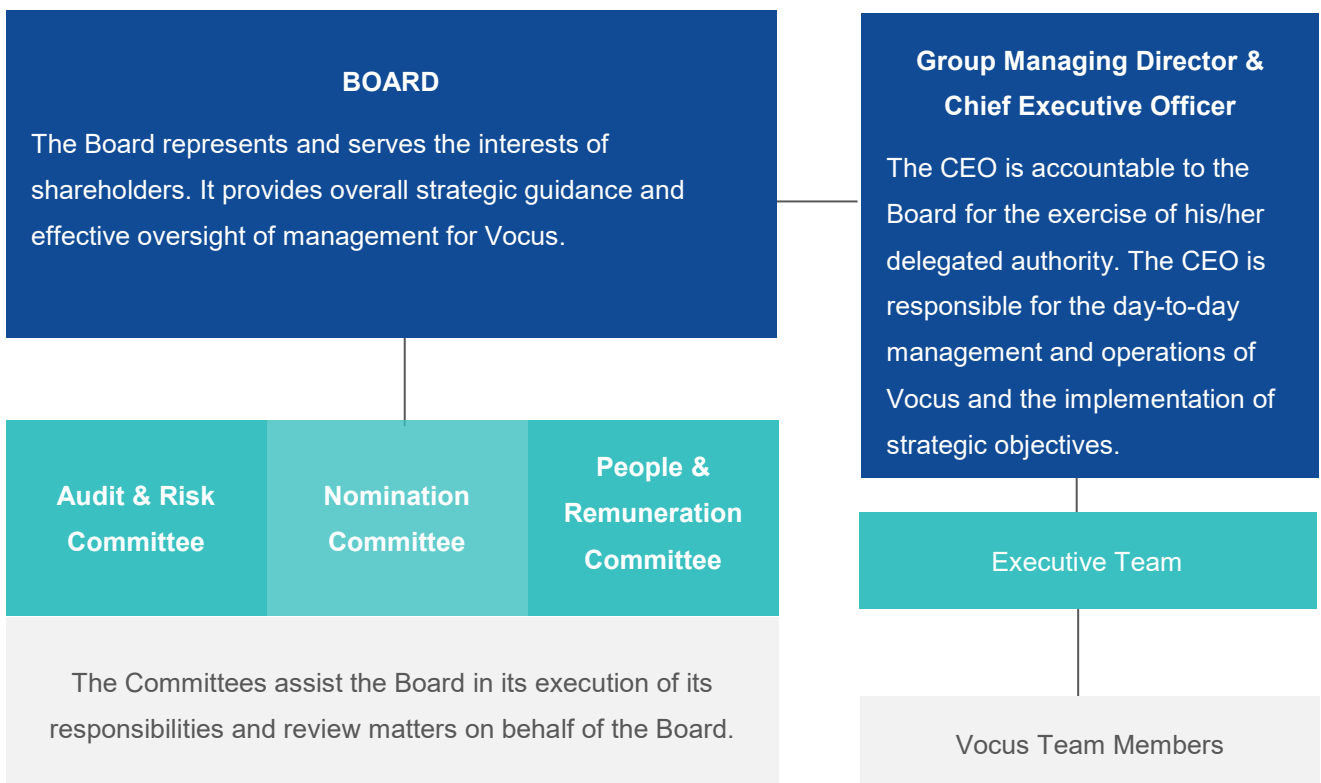
The Board and Management

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. The Board has also 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, undertook a comprehensive search process to identify appropriate candidates for the role of non-executive director. This included engaging external search consultants to assist the Nomination Committee with this process. Directors appointed to the Board following this process are, namely, Mr Bruce Akhurst and Mr Matthew Hanning, who both commenced on 1 September 2018 and stood for election and were re-elected at the 2018 Annual General Meeting. As indicated at the last Annual General Meeting, the Board will continue its search for one additional non-executive director, focusing on addressing the appropriate skill set (as outlined in the skills matrix) whilst considering the need for increasing the diversity mix on the Board.

The Vocus Constitution also provides that a director must retire and may stand for re-election at the end of 3 years. None of the directors fall into this category, and therefore none of them are required to retire and stand for re-election at the 2019 Annual General Meeting. Nevertheless, in accordance with the ASX Listing Rules, at least one director must stand for election at each Annual General Meeting, and accordingly, the longest serving non-executive director, Bob Mansfield, will retire and offer himself for re-election at this 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.

Prior to the appointment of each of the directors, the Board undertook 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 made enquiries as to the other directorships and commitments held by each individual to ensure that they were able to commit sufficient time and resources to appropriately fulfil their roles as directors for Vocus. In this last year in particular, the Board has been required to fulfil an unexpectedly high workload, due in particular to the development of a new 3 year strategic plan, as well as to deal with the unsolicited non-binding indicative proposals received from two parties during the course of this year.

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]

Over the last 18 months, the composition of the Board has undergone a significant renewal. The Board is now made up of 5 independent directors, one of whom acts as Chairman, as well as 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 for 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 to the Board in respect of each of their operational areas of responsibility. The Board meets "in camera" without any executives present (including the two executive directors), on at least a quarterly basis or more frequently, if this is required.

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

Director	Position	Independent?	Appointment Date	Anniversary (30 June 2019)
Mr Robert Mansfield AO ¹	Non-Executive Director (Chair)	Yes	1 January 2017	2.5 years
Mr Kevin Russell	Group Managing Director and Chief Executive Officer	No ²	28 May 2018	1 year
Mr David Wiadrowski	Non-Executive Director	Yes ³	24 July 2017	2 year
Mr John Ho	Non-Executive Director	No ⁴	8 January 2018	1.5 years
Ms Julie Fahey	Non-Executive Director	Yes	2 February 2018	1.5 years
Mr Mark Callander	Executive Director	No ⁵	28 May 2018	1 year
Mr Bruce Akhurst	Non-Executive Director	Yes	1 September 2018	<1 year
Mr Matthew Hanning	Non-Executive Director	Yes	1 September 2018	<1 year

¹ Mr Mansfield AO was appointed as Chairman on 5 March 2018.

² Mr Russell serves as CEO and is not considered to be independent.

³ Mr Wiadrowski retired as a partner of PwC prior to his appointment as a non-executive director. PwC provides non-audit professional services to Vocus. He was not involved in any way with the provision of services to Vocus, having been in the audit & assurance practice 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.

⁴ Mr Ho indirectly holds a 17.9% interest in Vocus and is therefore not considered to be an independent director.

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

The following persons resigned from the Board during the reporting period:

- Mr Jon Brett resigned from the Board on 22 August 2018, having been appointed as a non-executive director of First Wine Fund, which was later acquired by and renamed Vocus Communications Limited in 2010.
- Ms Rhoda Phillippo resigned from the Board on 22 August 2018, having been appointed as a non-executive director on 22 February 2016, following Vocus' merger with M2 Group, where she was first appointed as a non-executive director in March 2015.

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 2019 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: <http://www.vocusgroup.com.au/about-us/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.

Board Skills Matrix

[Recommendation 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. Changes to the Board over the reporting period have served to enhance both the depth and breadth of range of this 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	5
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	6
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.	3
Investment and Treasury Management	Knowledge and experience in capital markets, banking, treasury and investments	2
Governance	Knowledge and experience in best practice governance structures, policies and processes	3
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.	2
People & Remuneration	Understanding of the link between strategy, performance, desired behaviours, corporate culture, long term shareholder value creation and remuneration outcomes	6
Capital Projects	Experience with infrastructure / construction projects involving large scale capital expenditure and long term investment horizons	2
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.

Given the significant changes in the composition of the Board which occurred during the previous year, resulting in 4 out of 6 of the current cohort of non-executive directors being elected at the 2018 Annual General Meeting, the Nomination Committee determined that it would be appropriate to defer any evaluation of the Board’s performance to the second half of 2019. The Board intends to conduct an external review of Board performance in 2019, and subsequently plans to revert to an annual performance evaluation process, alternating between an internal Board evaluation and an external assessment every second year. The purpose of this first review being undertaken externally is to ensure an independent review and performance benchmarks be established, against which on-going evaluations can be measured.

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. An annual review of individual Executives' performance was undertaken by the CEO, and overseen by the People & Remuneration Committee in July of this year.

Remuneration

[Recommendations 8.2, 8.3]

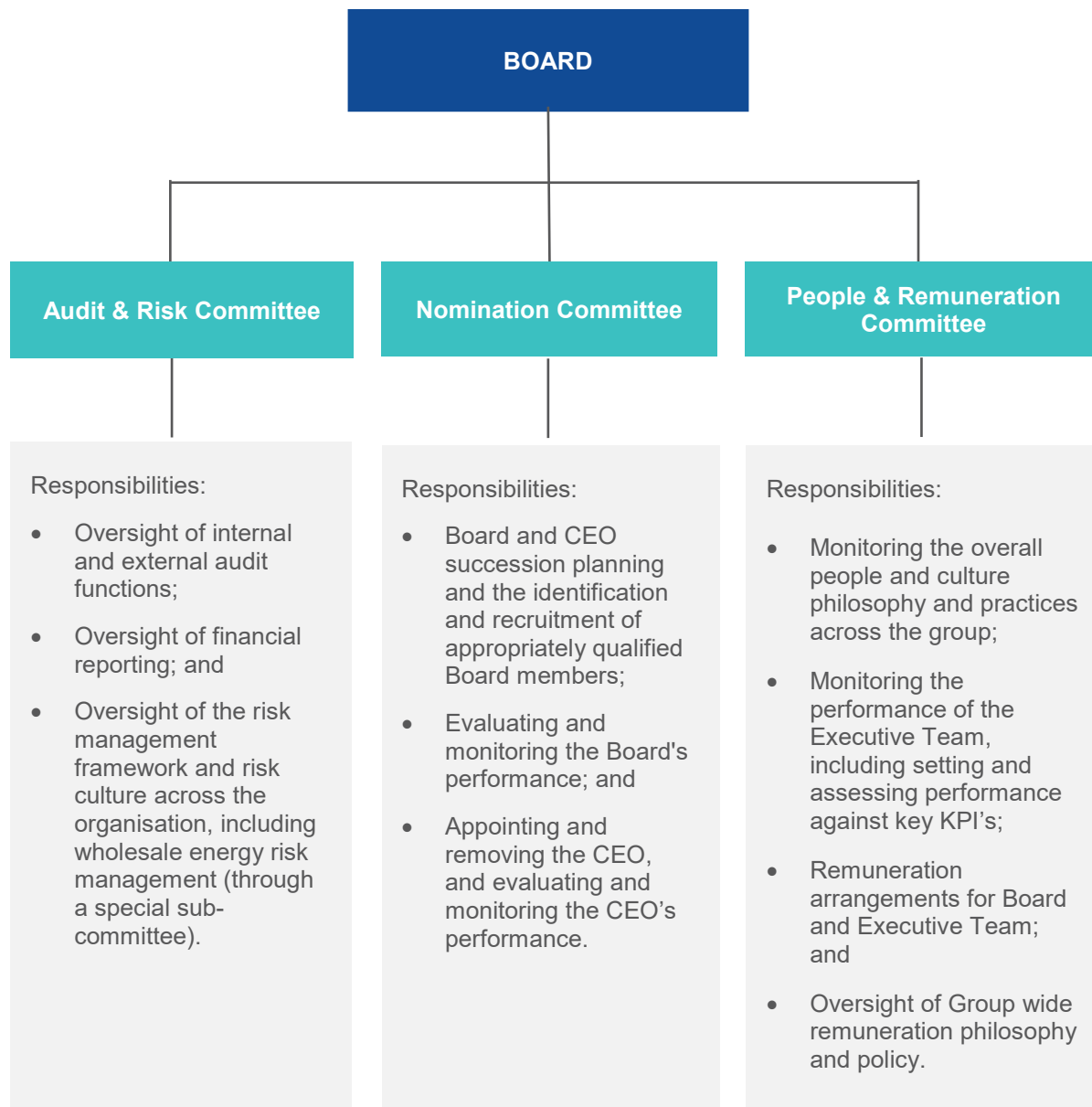
Remuneration arrangements for non-executive directors are distinct from those for executive directors and members of the Executive Team. In particular, non-executive directors receive fees for their director services and do not receive equity or bonus compensation. Non-executive directors are also not 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 2019.

Vocus has a number of current and legacy equity based remuneration schemes which apply to members of the Executive Team and a small number of other senior leaders. Details of these schemes 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	Committee Members	Standing Invitees
Audit & Risk Committee	Mr David Wiadrowski (Chair) Ms. Julie Fahey Mr Matthew Hanning	Group Managing Director & Chief Executive Officer Chief Financial Officer Senior Legal Counsel & Deputy Company Secretary (Secretary) Risk items: Chief Risk Officer General Counsel & Company Secretary Finance items: 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 Executive – Retail Deputy General Counsel Group Treasurer Financial Controller General Manager - Energy Products General Manager – Wholesale, Regulatory and Commercial Representative from RM Hedge
People & Remuneration Committee	Ms. Julie Fahey (Chair) Mr John Ho Mr Bruce Akhurst	Group Managing Director & Chief Executive Officer Head of People & Culture General Counsel & Company Secretary (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 also 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 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 of these sub-committees provide standing reports at each Audit & Risk Committee meeting in relation to their key areas of focus.

Please refer to the Directors' Report for the number of meetings and attendance of members at the Audit & Risk Committee meetings.

The Audit & Risk Committee Charter is 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.

Having undertaken a comprehensive search process in 2018 and recruited a number of non-executive directors, and given the uncertainty following the receipt of two separate non-binding indicative proposals in respect of Vocus, the Committee put its on-going recruitment activity on hold. Therefore, the Committee did not hold any formal meetings this year. This process is has now been re-activated. Please refer to the Directors' Report for the number of meetings and attendance of members at the Nomination Committee meetings.

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.

Please refer to the Directors' Report for 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 is 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. In this last year, the following objectives were met:

1. Vocus established a Diversity and Inclusion Committee, led by three senior executives, and supported by representatives from a cross-section of the Vocus Community. This Committee has undertaken a review of Vocus' Diversity and Inclusion policy, and its strategy to support that policy, and anticipates a launch of this new policy and strategy in the second half of 2019.
2. A significant increase in the representation of women across its leadership population. This has been addressed with the appointment of a number of current and new women to leadership positions within the organisation. This will remain a focus for Vocus. A number of other strategies, including development of an intern and/or graduate program, are also being considered in order to address the gender imbalance within the telecommunications industry as a whole.
3. 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.
4. Undertook a review of its Parental Leave policy and approach.

Over the next year, Vocus expects to:

1. Benchmark Vocus' existing Diversity and Inclusion practices – determine the appropriate benchmarks for our industry and identify other areas of priority focus such as race, LGBTI, age and disability.
2. With the assistance of the Diversity and Inclusion Committee, develop and launch a range of initiatives to support the newly launched strategy.
3. Set clear and measurable targets for improvement against the current levels for gender diversity at the various leadership levels within the organisation.

The following table sets out key statistics on gender diversity, measured at 30 June 2019 and compared to the statistics in the previous corresponding period, for its Australian team members.

Role	30 June 2019		30 June 2018		% Change (FY18 to FY19)
	Number of Females	(% of total)	Number of Females	(% of total)	
Board	1	17%	2	12.5%	-4.5%
Executive Team	3	37.5%	2	29%	+8.5%
Senior Leadership Team ^{1,2}	22	37%	6	13%	+24%
Other Team Members ²	356	28.5%	369	28%	+0.5%

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

² Data is for team members employed in Australia. In 2018, the total number of Other Team Members was 1,318. In 2019, the total number of Other Team Members was 1,248.

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 most recent “Gender Equality Indicators” in respect of Vocus Pty Ltd are available in the Corporate Governance section of Vocus’ corporate website.

The Diversity Policy and Vocus’ most recent Gender Equality Indicators are published in the Corporate Governance section of Vocus’ corporate website, accessible at: <http://www.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 Assurances

[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 Mark Wratten as CFO.

External Audit

[Recommendation 4.3]

PricewaterhouseCoopers (PwC) was appointed as Vocus' external auditor on 24 December 2018 following an extensive review of Vocus' requirements, and having sought and received proposals from at least three potential interested firms. Mr David Wiadrowski, non-executive director and Chair of the Audit & Risk Committee, having disclosed his prior relationship with PwC, recused himself from the selection process to ensure that there was no perceived conflict of interest. This process was therefore led by the Group CFO and the other members of the Audit & Risk Committee, whose recommendation was then considered by the Board prior to the appointment of PwC.

The Board is satisfied that the process undertaken to select and appoint PwC was a through and transparent process, and that no conflict of interest was posed by Mr Wiadrowski's prior relationship with PwC, or Mr Wiadrowski's entitlement 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, is fixed and is not dependent on the revenues, profits or earnings of PwC). The Board has, however, put in place appropriate safeguards to address any perceived conflicts of interest if they were to arise from time to time.

During Vocus' 2018 Annual General Meeting held on 30 October 2018, the lead audit partner of Deloitte, the previous auditor, was in attendance. Shareholders were afforded the opportunity to ask questions in respect of the audit, in accordance with sections 250RA and 250T of the *Corporations Act 2001* (Cth). The lead audit partner of PwC has been invited to attend Vocus' Annual General Meeting for 2019 to answer any questions about the conduct of the audit for FY19.

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 reporting in to 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.

During the reporting period, Vocus conducted a review of its internal audit services. After a comprehensive selection process, Deloitte Touche Tohmatsu (Deloitte) was appointed to provide internal audit services, under the direction of an Internal Audit Plan which was endorsed by the Audit & Risk Committee and developed in consultation with the Executive Team, taking into account Vocus' strategic business risks.

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 Group Risk Manager and the Enterprise Risk Management Committees 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 Risk & Audit Committee annually, with the support of the Group Risk Manager and Vocus' external insurance brokers. As a result of this year's review, Vocus' insurance program was enhanced to increase the coverage available for statutory liability exposures, in response to the evolving regulatory landscape and customer requirements.

Business and Sustainability Risks

[Recommendations 7.4]

Vocus conducts a bi-annual review of the company's exposure to economic, environmental and social sustainability risks, among other risks. This was completed by Vocus' Group Risk Manager during the reporting period.

Details of Vocus' exposure to economic, environmental and substantiality risks will be set out in the Annual Report for 2019 and its annual Sustainability Report.

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/>.

Acting Ethically and Responsibly

[Recommendations 3.1, 8.3]

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; and
- Sustainability Principles.

Vocus also has a health and safety policy in place to ensure it meets its legislative requirements and proactively addresses any key risks in this area.

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/investors/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.

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 and the CFO, and attended by the Head of Investor Relations and Communications. 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: <http://vocusgroup.com.au/about-us/corporate-governance/>.

Communications with Shareholders and Investor Relations

[Recommendations 6.1, 6.2, 6.3, 6.4]

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:

Annual Reporting	Vocus' Annual Report is available under the <i>Investors</i> section of its website and contains key information about the company's activities and results for FY19.
Corporate Governance	Vocus' Constitution, committee charters, policies and other key corporate governance documents are available under the <i>Corporate Governance</i> section of its 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 will alternate annual general meetings between its largest shareholder bases in Sydney and Melbourne and make the meeting audio and slides available online via webcast to ensure equality of access. This is accessible under the <i>Investors</i> section of Vocus' website.
Investor Relations	<p>Company performance and other shareholder information are available under the <i>Investors</i> section of Vocus' website.</p> <p>Vocus maintains effective communication with its shareholders through a structured investor relations program which includes a calendar of events.</p> <p>To encourage shareholders to communicate electronically with Vocus, Vocus' share registry has been instructed to enclose forms with each hardcopy communication dispatched to shareholders, offering shareholders the opportunity to receive communications from Vocus electronically, if they have not already elected to do so.</p>

Electronic communication will likely promote effective communication between Vocus and its shareholders and encourage engagement during Vocus' general meetings and other events.

Other processes and practices adopted by Vocus to facilitate and encourage participation by Vocus' 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.

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, with support from the Chairman, CEO and the CFO as required.

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/>.