



## Corporate Governance Statement

Ardent Leisure Group Limited's (**Ardent**) corporate governance framework reflects Australian market best practice and illustrates the structures in place that support the oversight of Ardent and its subsidiaries and controlled entities (the **Group or Company**) performance and the interests of its securityholders. Where possible, Ardent seeks to recognise the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

### Principle 1 – Lay solid foundations for management and oversight

#### Board Charter

The Directors of Ardent have adopted a Board Charter that sets out the respective roles and responsibilities of the Board and senior management. The primary role of the Board is to promote the long term health and prosperity of the Group and to build sustainable value for investors.

Specifically, the Board is responsible for:

- Setting objectives, goals and strategic direction;
- Approving and monitoring progress of major capital expenditure, capital management, acquisitions and divestments;
- Monitoring financial performance and reporting;
- Oversight and approval of accounting, risk management and compliance control systems;
- Monitoring the performance of management;
- Appointing and removing Key Management Personnel (KMP);
- Approving the remuneration framework for Directors and the Group's KMP;
- Monitoring compliance with legal obligations and ethical and responsible behaviour; and
- Ensuring effective communications with investors and other stakeholders.

The Board Charter also sets out the responsibilities of the Chair and a comprehensive list of matters that are reserved for the Board of Directors of both the Company and the Manager. In accordance with the list of matters reserved for the Board, the Board is responsible for:

- The strategic plan and annual operating and capital expenditure budgets;
- Treasury policies and risk management strategy;
- Establishment, acquisition, cessation or disposal of any division or business unit;
- Approval of financial statements and any significant changes to accounting policies;
- Approval of dividend/distributions payments;
- Appointment and removal of auditors;
- Appointment and removal of any of the KMP or the Company Secretary;
- Committee charters and composition;
- Amendments to discretions delegated by the Board;
- Key policies including Workplace Health and Safety, Environmental and Sustainability policies;
- Changes to the Group's capital structure including the issue of shares, options, equity instruments or other securities;
- Key public statements which relate to significant issues concerning changes to key strategy or Group policy; and

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- Terms and conditions of the appointment of Directors and KMP, and employee equity plans and their allocation.

The Board Charter also sets out key delegations of authority in relation to equity investments, assets acquisition and disposal, external credit limits, bonds, guarantees and other contingent liabilities.

### Directors' Information

Investors are provided with all material information the Company has about Directors in an explanatory memorandum to the Notice of Meeting, at which the Director will stand for election or re-election, to enable them to make an informed decision on whether or not to elect or re-elect the candidate. Such information includes their relevant qualifications and experience, details of any offices they currently hold and any other material former directorships they held, when the Director was first appointed and, if any, details of the roles they hold in any of the Board's standing Committees.

### Agreements with Directors and Key Management Personnel

Each Director enters into a number of agreements with the Company to provide them with a clear understanding of their roles and responsibilities and of the entity's expectations of them. These comprise of:

- The Terms and Conditions of their appointment, the time commitment and any involvement with Committee work and any other special duties expected of their position, their remuneration entitlements, the various corporate policies with which they are expected to comply, and the conditions of termination;
- A disclosure agreement which obligates them to disclose any relevant and material interests and any matters which may affect their independence; and
- A Deed of Access, Indemnity and Insurance which sets out the indemnity and insurance arrangements, and ongoing rights of access to corporate information.

Each of the KMP enters into a Service Agreement which sets out their position description, duties and responsibilities, reporting lines, remuneration entitlements, ongoing confidentiality, obligation to comply with all corporate policies, the circumstances in which their service may be terminated (with or without notice) and any entitlements on termination.

Details on the remuneration of Directors and KMP are set out in the Directors' Report contained within the Annual Financial Report for the year ended 26 June 2018.

### Company Secretary

In accordance with the Board Charter, the Company Secretary is appointed and if necessary, removed by the Board and is therefore directly accountable to the Board on all matters to do with the proper functioning of the Board. Each Director also has direct access to the Company Secretary.

The Company Secretary's role includes:

- Advising the Board and its Committees on governance matters;
- Monitoring that Board and Committee policy and procedures are followed;
- Coordinating the timely completion and despatch of Board and Committee papers;
- Ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- Helping to organise and facilitate the induction and professional development of Directors.

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### Diversity & Inclusion Policy

The Company values a strong and diverse workforce and is committed to promoting a corporate culture that embraces diversity. The Board has adopted a Diversity & Inclusion Policy that aims to promote diversity across the Group through a number of initiatives. The Diversity & Inclusion Policy was amended in December 2017 to reflect the Group's commitment to providing an environment free from all forms of discrimination, sexual harassment and victimisation.

The Group recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture for the organisation into the future. The Group intends to utilise diversity of backgrounds, experiences and perspectives within the workforce to uphold a strong level of customer service to an equally diverse community.

The Group continually supports all employees throughout the organisation by offering flexible work arrangements, annual leave purchasing, and providing employees with access to an Employee Assistance Program.

The Policy covers:

- Employees who are employed to do work directly for the Group at the Group's sites;
- Independent contractors or representatives who are engaged to provide services directly to the Group; and
- Volunteers or other site-based people, work experience students, exchange workers and employees of clients who work from the Groups' sites.

Following the release of new reporting guidelines under the Workplace Gender Equity Act 2012, the Group adopted revised analytics and has segmented its leadership diversity reporting in line with reporting standards and industry best practice. Gender participation rates across the Group for the past three years are set out below.

	2018		2017		2016	
	Female	Male	Female	Male	Female	Male
Board of Directors <sup>1</sup>	0%	100%	34%	66%	28%	72%
All Managers <sup>2</sup>	36%	64%	32%	68%	36%	64%
All Employees	58%	42%	59%	41%	67%	33%

<sup>1</sup> Ms Deborah Thomas retired from the Board on 1 July 2017. Ms Melanie Willis retired from the Board on 8 September 2017. The Board appointed Ms Toni Korsanos on 1 July 2018.

<sup>2</sup> Managers includes Senior Executives, Senior Managers and Managers as recommended under the reporting guidelines.

The Group is committed to hiring and promoting female talent across all divisions and continues to look at ways to improve processes to better achieve this outcome. In addition, the Group supports a number of initiatives aimed at increasing female participation and has adopted policies on flexible working arrangements and paid maternity leave.

It is the current intention that the Board will consider a set of appropriate measurable gender diversity objectives for managers and employees to reflect the transformed business and the Group's overall platform for the future taking into account its strategic direction. At present, the Group aims to achieve 30% female representation on the Board.

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### Director, Board and Committee Evaluation

The Board Charter requires that each Director participate in an annual performance evaluation that is reviewed by the Chair. The evaluations include areas such as role of the Board, composition, meeting conduct, behaviours and competencies, governance and risk, ethics and stakeholder relations.

Ardent has in 2018 conducted a Board performance evaluation that involved one-on-one interviews with each of the Directors and the Company Secretary. Conducted by an independent third party, the review considers the functionality of the Board and its Committees, with the objective of establishing an action plan to improve the cohesion and direction of the Board, as well as informing its ongoing succession planning.

Additionally, each Committee is required to undertake an annual self-assessment by the Committee of its performance and charter. These evaluations are conducted against the existing charter and prevailing developments in the corporate governance arena.

### Key Management Personnel Performance Evaluation

In accordance with the Board Charter, the Directors evaluate the performance of KMP on an annual basis. The purpose of the evaluation of KMP is to provide the following key benefits:

- Assist the Board in meeting its duty to stakeholders in effectively leading the Group;
- Ensure the continued development of KMP to more effectively conduct their role;
- Ensures a formal and documented evaluation process; and
- Leaves a record of the Board's impression of the performance of KMP.

The process adopted by the Board to assess the performance of KMP is as follows:

- Key Performance Indicators (KPIs) are agreed at the commencement of each financial year;
- At the end of each financial year, or otherwise as required, each Board member is requested to provide feedback to the Chair on performance against KPIs;
- Feedback is provided on KMP to the Remuneration & Nomination Committee; and
- Following this feedback, recommendations to the Board are made by the Remuneration & Nomination Committee on the assessment of the performance of KMP, providing feedback on any areas that need to be addressed with each individual.

The Main Event and Dreamworld Committees also play an integral role in evaluating the performance of KMP of the respective business divisions.

### Dreamworld Committee

The Dreamworld Committee was established to ensure the Board fulfils its responsibilities to oversee the management and performance of Dreamworld. The Committee consists of Directors and external members. The Chairperson is a Non-Executive Director appointed by the Board.

External members with the requisite skills, knowledge and experience are appointed as the Committee considers fit and appropriate to assist the Committee achieve its objectives.

The role and responsibility of the Committee is to provide recommendations to the Board on key strategic issues relating to Dreamworld including development plans for new rides and attractions, stakeholder engagement and business recovery initiatives.

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### Main Event Committee

The Directors of Ardent have established the Main Event Entertainment Committee to oversee the management and performance of Main Event Entertainment.

The Committee consists of Directors and from time to time, external members. The Chairperson is a Non-Executive Director.

External members with the requisite skills, knowledge and experience are appointed as the Committee considers fit and appropriate to assist the Committee achieve its objectives.

The role and responsibility of the Committee is to provide recommendations to the Board on key strategic issues relating to Main Event including core strategic growth initiatives, site selection and development pipeline, and competitive positioning plans.

### Board Composition

The Directors of Ardent have set out in the Board Charter the required composition of the Board subject to any requirements under the constitutions of the Company and the Manager:

- Independent Directors should comprise a majority of the Board;
- Directors appointed to the Board should provide an appropriate range of qualifications and expertise; and
- In the event that the Chair ceases to be deemed independent then a lead independent Director should be appointed by the Board.

To appropriately reflect the geographic presence and earnings of the Group, the Board includes two Directors based in the United States.

The Chair of the Board does not occupy a joint position as Chief Executive Officer.

### Principle 2 – Structure the board to add value

#### Nomination Committee

The Directors have established a combined Remuneration & Nomination Committee due to the relatively infrequent need to call upon the services of the previous Nomination Committee. The charter for the combined Remuneration & Nomination Committee remains broadly similar and includes the review process for the Board and its committees and also the time commitment for Non-Executive Directors.

The combined Remuneration & Nomination Committee consists of a minimum of three members, with the majority of members required to be independent directors. The Remuneration & Nomination Committee is specifically responsible for making recommendations to the Board in relation to:

- The identification, assessment and enhancement of the competencies of Board members;
- Board and management succession plans, including the appointment of suitably qualified candidates to the Board and the appointment of KMP;
- The development and implementation of a process for evaluating the performance of the Board, Board Committees and individual Directors; and
- The assessment of the time required to fulfil the obligations of a Non-Executive Director and whether Directors are able to meet these expectations.

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### *Selection Process*

In order to provide a formal and transparent procedure whereby new appointments to the Board are selected, the Remuneration & Nomination Committee has adopted a director selection process to be used once the Board has decided to appoint or replace a Director.

### *Process*

- Identify the vacant position
- Identify the core competencies of the position
- Identify a preferred candidate background (taking into account the diversity of the Board)
- Appoint a search firm if necessary to ensure an appropriate selection of candidates
- If a search firm is appointed, draft and deliver a brief to the search firm explaining the following:
  - Vacant position
  - Competencies required
  - Preferred background
  - Essential qualifications (if any)
  - Countries in which to extend the search
- Candidates are to be interviewed and a shortlist prepared
- Select preferred candidates from the shortlist provided in consultation with executive management
- Agree a preferred candidate for recommendation to the Board of Directors

### **Induction**

Upon appointment, each new Director participates in an induction programme. This includes presentations from senior management and site visits to gain an understanding of the Group's operations. In addition to annual asset tours undertaken by the Board site visits are also arranged on an ad-hoc basis and as part of the programme of Committee meetings.

### **Training**

Directors are required to keep themselves adequately informed in respect of relevant industry and regulatory issues and changes.

In order to assist Directors, each Director may participate in internal training sessions and conferences organised from time to time in respect of relevant industry and regulatory issues and may attend asset tours that are arranged from time to time.

Additional training requirements may be arranged by the Company Secretary with the Chair's approval.

### **Board Skills and Competencies**

The Board reviews its core competencies that should be present across the Board of Directors. Board members should have a working knowledge of finance and accounting, corporate regulation and business strategic theory. The Board aims to gather a breadth of complementary skills and experience on the Board.

The Directors believe that diversity is critical to the effective functioning of the Board. To this end, the Board strives to ensure that Directors should not all be from one occupational group or even from the same industrial sector the Group operates in.

The Board has undertaken a review of the key skills and competencies of the Board to ensure appropriate oversight of the Group's current operations and strategy for future growth.

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It is the intention of the current Board to ensure an appropriately balanced Board composition between US-based Non-Executive Directors and Australian-based Non-Executive Directors.

### Board Skills Matrix

Following the annual performance evaluation, the Board has developed a Board Skills Matrix to identify the relevant skills and experience required to support the future strategic direction for the Group and facilitate efficient Board succession planning.

The Board Skills Matrix set out below captures a diverse and complimentary mix of skills and expertise which enables the current Directors to discharge their responsibilities and deliver the Group's strategic objectives.

Listed Entity Experience	Experience as a non-executive director of a domestic or foreign publicly listed business.
Management & Leadership Experience	Directors that have extensive experience in executive strategy positions, including previous managing director, chief executive and strategic senior manager roles.
International Business	Considerable understanding and experience of international business practices, particularly in regions and countries where the company is looking to invest, develop and operate.
Legal	Professional qualifications in legal practice, government affairs and/or prior experience in corporate legal matters or government/industry body relations in an executive or senior manager capacity.
Finance	Those Directors that carry professional qualifications in finance disciplines, exhibit a high level of financial acumen, and/or carry direct experience in equity capital markets.
Audit & Accounting	Professional qualifications in accounting and risk management, or those Directors with experience in CFO, auditor or other financial controller positions.
Mergers & Acquisitions	Directors that have participated in major corporate transactions, including sale projects, complete takeovers and/or the acquisitions
Industry Experience	Practical experience working in an executive capacity in the entertainment, leisure and/or tourism industries.
Risk Management	Prior exposure to risk management duties in a managerial or executive capacity and/or professional risk management qualifications.
Marketing, Communications & Business Development	Previous experience in a senior manager or executive director capacity supervising or directing corporate marketing or business planning and development initiatives, including key client relationship management responsibilities.

### Appointment of Non-Executive Directors

Mr. Randy Garfield was appointed as a US-based Non-Executive Director in August 2017. Dr Gary Weiss was appointed as a Non-Executive Director and Chairman of Ardent in September 2017. Mr Brad Richmond was appointed as a US-based independent Non-Executive Director in September 2017. Ms Toni Korsanos was appointed as an independent Non-Executive Director in July 2018.

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### Director Independence

The Board recognises that independent directors are important in assuring investors that the Board is properly fulfilling its role and is diligent in holding management accountable for its performance.

In determining the independence of Non-Executive Directors, the Board is guided by the ASX Corporate Governance Principles and Recommendations. The independence of the Directors is assessed annually, taking into account matters such as tenure, contractual interests, significant security holdings, relationships with key advisers, suppliers and customers and any prior executive employment within the Group. Materiality is assessed on a case-by-case basis to ensure any potential conflicts of interest do not interfere with a Director's ability to provide independent judgement and to act in the best interests of the Group and securityholders.

As at 30 June 2018, Directors deemed to be independent were: Mr David Haslingden, Mr Don Morris AO, Mr Randy Garfield, Mr Brad Richmond and Ms Toni Korsanos. Additionally, due to the substantial holdings of Group securities by Dr Gary Weiss and his associates, the Board has appointed Mr Haslingden as Lead Independent Director effective 1 July 2018. The Lead Independent Director will assume the role of Chair of the Board when Dr Weiss has a potential conflict of interest or lack of independence. This position also offers an alternative point of contact for securityholders.

Details of the tenure, current position and previous offices held by each Director which are relevant to the assessment of their independence are disclosed in their respective profiles, along with their interests in securities, and set out in the Annual Financial Report for the year ended 26 June 2018.

### Principle 3 – Promote ethical and responsible decision-making

#### Culture

The Group strongly believes in maintaining and instilling a strong culture throughout the organisation. Employees are always required to act responsibly and ethically. The Group has a Whistleblowing Policy which clearly outlines how the Group handles disclosures of known or suspected misconduct and how it will protect those individuals who have reported such misconduct.

#### *Protected Disclosures*

Disclosure of information by an employee is protected under the Group's Whistleblowing Policy if the employee has reasonable grounds to suspect that the information concerns or indicates misconduct in relation to a Group entity, and if the disclosure is made in accordance with the policy.

#### *Making a Disclosure*

Under the Whistle-Blowing Policy, disclosures are made to the Protected Disclosure Officer. This can be done in person, by email or via the Group's third party independent ethics hotline. Disclosures can be made either inside or outside normal working hours and locations.

Group employees are encouraged to report known or suspected incidences of misconduct in accordance with the Whistleblowing Policy. All employees must abstain from any activity that is, or could be perceived to be, victimisation or harassment of persons who make disclosures. The confidentiality of persons they know or suspect to have made disclosures should be maintained.

The Protected Disclosure Officer is responsible for receiving, forwarding and acting upon disclosures and must take all necessary and reasonable steps to ensure that the identities of persons who make

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disclosures, and the subjects of disclosures, are kept confidential. The Protected Disclosure Officer is also responsible for supporting persons who make disclosures and protecting them from victimisation, harassment or any other form of reprisal.

### *Action Taken*

A person who makes a disclosure under the Whistleblowing Policy will be notified, within six months of the disclosure being made, of the action taken or proposed to be taken in respect of the disclosure.

### **Fraud**

The Group operates a Fraud Policy designed to prevent, deter, detect and investigate all forms of fraud. For the purposes of the Fraud Policy, "fraud" is defined as the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain.

The Group has adopted a "zero tolerance" towards fraud and requires that all reported incidents, including internal fraud, will be thoroughly investigated with utmost confidentiality. Necessary action will be taken against any individual or group who have committed fraud and may involve disciplinary action resulting in dismissal from employment, and civil and/or criminal legal proceedings. Critical business procedures and controls are directed to maintain an effective fraud control environment to assist in fraud prevention and detection.

Any employee who suspects a fraudulent activity must notify the business Chief Executive or alternatively, email details to a private email address set up exclusively for this purpose.

### *Ethical Conduct*

The Board has adopted a suite of policies designed to govern employee's behaviour whilst employed by the Group and ensure that ethical business practises are adopted in the procurement process. All employees are required to acknowledge that they understand and will comply with the Employee Ethical & Confidentiality Policy.

### *Media Relations*

Employees are prohibited from communicating with or disclosing to any representative of the media any information of any nature whatsoever relating to the Group, its clients or customers. Only the Chair and Board of Directors are authorised to speak to the media on Group issues. Exceptions to this rule must have the prior approval of the Chairman of the Board. Notwithstanding the general prohibition, the respective Chief Executives of each of the business divisions are authorised to speak to the media on issues specific to their area of business.

### *Intellectual Property*

All intellectual property created during an employee's employment with the Group is, and remains, the property of the Group.

### *Confidentiality*

All Group related information acquired by Directors during their appointment is confidential to the Group and should not be released, either during the term of the Directors' appointment or following their termination without prior approval of the Board.

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Employees are required to keep all information obtained about the business and affairs of the Group and its clients or customers, except as required by law, confidential during and post-employment. All documents or written material provided to the employee or used in connection with the Group's business is the property of the Group and must not be removed, passed on, copied or disclosed to third parties except with the Group's authority.

### *Conflicts of Interest*

Directors should not have any business or other relationship that could materially influence or interfere with the exercise of their independent judgement apart from those declared to the Board under the Corporations Act 2001, ASX Listing Rules and other general law requirements.

Directors with a material personal interest in a matter must not be present at a Board meeting during the consideration of the matter and subsequent vote unless the Board (excluding the relevant Board member) resolves otherwise. Directors with a conflict not involving a material personal interest may be required to absent themselves from the relevant deliberations of the Board.

### *Personal Gain*

Employees must not misuse their position with the Group or any information received in the course of their employment to produce a personal benefit for themselves, their family, friends or any other person, or to cause a detriment to the Group. In the event of any conflict of interest this must be disclosed to the Group.

Employees are prohibited from soliciting or accepting any gift or benefit which induces or influences the Group to enter a transaction, business opportunity or business dealing, or which might reasonably be perceived as such an inducement or influence.

### *Ethical Business Practices*

All employees and Group suppliers must adopt the following standards:

- Suppliers should adhere to applicable laws and regulations that govern them.
- Employment should be freely chosen; there should be no forced, bonded or involuntary prison labour, employees should not be required to lodge 'deposits' or identity papers with their employer and should be free to leave their employer after reasonable notice.
- Employees should have freedom of association and the right to collective bargaining within the framework of applicable laws.
- Working conditions should be safe and healthy; applicable Occupational, Health & Safety laws & regulations must be complied with.
- Child labour should be eliminated and suppliers should conform to provisions of International Labour Organisation Convention 138 and be consistent with United Nations Convention on Rights of the Child.
- Wages should be paid according to applicable standards and regulations. Wages must not be paid in kind and employees should be provided with written and understandable information about their employment conditions.
- Working hours should not be excessive and should comply with national laws and national benchmark industry standards.
- Discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation is prohibited.
- Regular employment should be provided and work performed must be on the basis of recognised employment relationship established through national law and practice.
- Harsh or inhumane treatment of employees is prohibited.

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The Group seeks to collaborate with suppliers in pursuit of these standards and attempts to guide relationships by the principle of continuous improvement. Similar ethical trading standards will be considered acceptable as a reasonable alternative where suppliers are already working towards this initiative.

The Group promotes a risk based approach to implement these standards by focusing attention on those parts of the supply chain where risk of not meeting these standards is highest. Suppliers are advised that implementation of these standards may be assessed by the Group or through independent verification.

Suppliers are required to use reasonable endeavours to provide workers covered by these standards with a confidential means to report to the suppliers' failure to observe these standards. It is expected that all suppliers will comply with the standards and the Group reserves the right not to do business with suppliers where it can be demonstrated that significant violations exists. In particular, the Group and/or its separate businesses will not bring suppliers onto its supplier list if there is evidence of under-age workers, forced, bonded or involuntary prison labour, or where the supplier's workers are found to be subjected to potential life threatening working conditions or harsh or inhumane treatment.

### Securities Trading Policy

The purpose of the Securities Trading Policy is to regulate trading by all Directors and employees of the Group in any securities issued or nominated by the Group. This also applies to financial products issued or created over such securities (including but not limited to warrants, options and derivatives), entering into financing arrangements over financial products including establishment of a margin loan over such securities.

This Securities Trading Policy also applies to trading by Directors' and employees':

- Spouses;
- Children under the age of 18 years;
- Dependent children living in the family home;
- Trusts under which they or a member of their family are a trustee or beneficiary; and
- Companies which they or their family control.

#### *General Prohibition (Insider Trading)*

Directors and employees are at all times prohibited from trading in securities while in possession of unpublished price sensitive information. Price sensitive information is information which is not generally available and which a reasonable person would expect that if the information were disclosed it would have a material effect on the price of Group securities and it would therefore influence investors in deciding whether or not to buy, hold or sell securities issued by the Group.

This prohibition applies even during periods when trading windows are permitted under this policy if a person is in possession of price sensitive information. In addition to not being able to deal, the person in possession of the price sensitive information has an obligation to keep that information confidential and must not communicate it to another person unless it is information, which is required to be brought to the attention of the Company Secretary.

#### *Specific Prohibition*

All Directors and Nominated Employees are bound as a condition of their employment to comply with and observe the Securities Trading Policy.

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### *Black Out Periods*

All Directors and Nominated Employees are prohibited from trading in Securities issued by the Group during the following timeframes:

- from the half year reporting balance date until the first trading day after the announcement of the Group's half year results;
- from the full year reporting balance date until the first trading day after the announcement of the Group's full year results; and
- any other period nominated from time to time as a black out period by the Group's Board.

Discretion is vested in the Company Secretary to allow exemptions to trading during blackout periods in special circumstances only, where no price sensitive information is on hand and application of the Policy would cause undue financial hardship.

### *No Short Term Trading*

The Board encourages employees to invest in the Group and discourages short term trading. Under the terms of the Securities Trading Policy, Nominated Employees must not deal in securities for short term gain. Speculating in short term fluctuations in such securities does not promote investor and market confidence in the integrity of the Group. Accordingly, trading in securities issued by Group entities within 6 months of an acquisition is prohibited. The Group may in its discretion vary this rule in relation to a particular period by general announcement.

The Securities Trading Policy does not prevent Directors and employees from passive trading such as participating in a share plan or public offer made by the Group, provided that at the time the individual elects to participate, he or she is not in possession of any price sensitive information. Further, the individual may not subsequently vary that election until such time as they are again not in possession of such information.

The Securities Trading Policy also prohibits any hedging of unvested security based incentives by Directors and Nominated Employees.

Directors or Nominated Employees wishing to trade in securities must request prior approval to trade. Details in relation to the approval process is outlined in the Securities Trading Policy available on the Group's website.

## **Principle 4 – Safeguard integrity in financial reporting**

### **Audit & Risk Committee**

The Board has established an Audit & Risk Committee consisting of a minimum of three members with the majority of members required to be independent directors. All members must be able to read and understand financial statements, and at least one member must have financial expertise, that is the person must be either a qualified accountant or other financial professional with experience of financial accounting matters.

Divisional Chief Executive Officers, Divisional Chief Financial Officers and the Group Chief Financial Officer are not members of the Audit & Risk Committee. They may be invited to attend meetings of the Audit and Risk Committee for reasons of efficiency but are not entitled to vote.

The Chair of the Committee will be a Non-Executive Independent Director appointed by the Board who is not the Chair of the Board.

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Any Director may attend a meeting of the Committee at any time. The Committee will meet at least twice per annum and more often if deemed necessary. Meetings may be held by electronic means as allowed under the provisions of the Corporations Act 2001.

The Committee is established by the Board of Directors to review, evaluate and make recommendations to the Board in relation to:

### *Risk and Internal Control Environment*

- Evaluating and monitoring the overall effectiveness of the Group's risk management, internal control and compliance systems;
- Evaluating the current "control culture" of the Company and the underlying consistency, direction and communication to employees of appropriate risk policies therein;
- Reviewing existing disaster recovery plans;
- Identifying key risks within the organisation and building appropriate risk management controls and policies to minimise the impact and likelihood of same;
- Ensuring adequate resources are allocated to assist management and the Board in implementing an appropriate internal risk culture and discipline;
- Evaluating and monitoring the Group's fraud management policies and exposures; and
- Reviewing the entity's insurance program, having regard to the entity's business and the insurable risks associated with its business.

### *Financial Reporting*

- Approving and monitoring policies, procedures and content of the Group's statutory and management reporting;
- Considering the appropriateness of the Group's accounting policies and principles and how those principles are applied;
- Reviewing and assessing existing management processes so as to ensure compliance with applicable laws, regulations and accounting standards;
- Ensuring that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies are discussed in advance with the external auditor;
- Reviewing the underlying quality and accuracy of the financial reports from the internal and external auditors and making recommendation to the Board on their approval or amendment;
- Evaluating the adequacy and effectiveness of the Company's administrative, operating and accounting policies through communication with management, internal auditors and external auditors;
- Evaluating and monitoring the adequacy of the Group's management and operational reporting;
- Ensuring the effective facilitation of the audit process;
- Reviewing and evaluating appropriate disclosures from management, the internal auditors and external auditors on any significant proposed regulatory, accounting or reporting issue, to assess the potential impact upon the Group's financial reporting process; and
- Serving as an independent and objective party to review the financial information presented by management to shareholders, analysts and the general public.

### *Internal Audit*

- Making recommendations to the Board on the appointment, and where necessary, the removal of the internal auditor;
- Reviewing the role, function and performance of the internal auditor, and management's response to the internal auditor's recommendations;
- Appraising the scope and quality of the audits conducted by the Group's internal auditor to ensure the widest coverage possible;
- Reviewing the findings of the internal audit program and management's response to the internal auditor's recommendations; and

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- Reviewing the resources of the internal audit function and ensuring no unjustified restrictions or limitations are imposed.

### *External Audit*

- Making recommendations to the Board on the appointment and where necessary the removal of the external auditor;
- Reviewing annually the external auditor's procedures for independence together with any relationships or services, which may impair the external auditor's independence, and the rotation of the audit partner;
- Reviewing the fees and terms of engagement of the external auditor, including the scope and adequacy of the proposed audit program;
- Appraising the scope and quality of the audits conducted by the external auditor to ensure the widest coverage possible;
- Ensuring there is appropriate communication and co-ordination between the internal and external auditors on risks, risks policies and audit results;
- Reviewing all financial reports and management representation letters and recommending them to the Board as complete and appropriate; and
- Reviewing annually the performance of the external auditor and based on the results of the annual assessment of the external audit services, determine whether the external audit services should be re-tendered.

### *Compliance*

- Monitoring the Company's various disclosure obligations; and
- Approving of the Group's compliance framework and assessing the effectiveness of the framework.

Based on the information provided by Management in relation to the Group's compliance framework, ensuring that a proper process is in place for continuous reporting to the ASX.

### *Right to Obtain Information*

The Committee is entitled to consult with expert advisers and seek expert advice where it considers it necessary to carry out its duties at the expense of the Group.

The Committee will have a right of access to internal and external auditors and senior management. The Committee will also meet separately with the internal and external auditors at least annually or as otherwise required.

### **Declarations under section 295A of the Corporations Act 2001**

The Board has received the necessary confirmations required under section 295A of the Corporations Act 2001. The declarations are based upon sound risk management and internal control systems and further that these systems are operating effectively in all material respects in relation to financial reporting risk.

### **External Auditors**

The external auditor is requested by the Board to attend each AGM to answer questions about the conduct of the audit and the preparation and contents of the Auditors Report.

The Board determined that after a period of 14 years and in the interests of good corporate governance, it was appropriate to undertake a competitive tender process for the Group's external audit services. Following the AGM held on 20 November 2017, the Group's securityholders approved the appointment of Ernst & Young to replace PricewaterhouseCoopers as the Group's external auditors.

## Corporate Governance Statement

### Principle 5 – Make timely and balanced disclosure

#### Continuous Disclosure Policy

In order to regulate the continuous disclosure regime across the Group in relation to any securities issued by the Group, the Board has adopted a Continuous Disclosure Policy.

The Continuous Disclosure Policy aims to ensure that the Group complies with the continuous disclosure requirements contained in the Corporations Act 2001 (the **Act**) and the Australian Stock Exchange (**ASX**) Listing Rules (the **Listing Rules**). The successful operation of the Group's continuous disclosure regime promotes investor confidence by providing full and timely information to the market about the activities of the Group and serves to educate all relevant Group personnel on what continuous disclosure is, and how they can ensure they meet their individual responsibilities.

#### *Commitment to Continuous Disclosure*

Subject to the exceptions contained in the Listing Rules, the Group will immediately notify the market of any information or matter related to the businesses or financial condition of the Group which a reasonable person would expect to have a material effect on the price or value of those securities. Such notifications will be made by way of an announcement to the ASX.

#### *Reporting of Disclosable Information*

Directors and employees must ensure that any information which may require disclosure is reported to the Company Secretary or his/her nominee as soon as it is known. The Company Secretary will then determine whether any item of information is to be disclosed to ASX. Where the Company Secretary decides that information reported does not warrant an ASX release and the Director or employee who reported the information disagrees with that decision, they may choose to refer the matter to the Chairman.

#### *ASX Announcement Approval*

If the Company Secretary determines that an item of information is to be disclosed to the ASX then the draft of the ASX announcement must be approved either verbally or in writing, by the Chairman prior to release. ASX announcements deemed to contain price sensitive information must be circulated to the Board of Directors for comment and approval prior to release.

#### *Release of Information*

Price sensitive information must not be released externally until it has first been lodged with the ASX and the ASX has acknowledged that the information has been released to the market. That is, selective disclosure of such information cannot be made to brokers, analysts, the media, professional bodies or any other person until the information has been given to (and released by) the ASX. This includes information that is subject to embargo as the ASX does not accept embargoed information.

In the event that at an analyst or media briefing an inadvertent disclosure is made which is price sensitive then that information must be immediately made available to the market through the ASX.

#### *Analyst and Media Briefings*

All material to be presented at an analyst briefing must be referred through the Company Secretary prior to the briefing.

## Corporate Governance Statement

### *Trading Halts*

The Company Secretary may, with the approval of the Chairman, or failing whom, any other Non-Executive Director, or failing whom any two Non-Executive Directors, request the ASX to halt trading in the securities.

### *Training and Development*

The Continuous Disclosure Policy requires that relevant employees undergo training with respect to disclosure requirements.

### *Board Procedures*

The Board of Directors must consider and minute at each full Board meeting whether there are any matters requiring disclosure. If no matters require disclosure this must also be explicitly included in the minutes.

### *Media Releases*

Releases, interviews and other communications to the media may be undertaken so long as they do not contain or refer to price sensitive transactions and do not fall within the Group's materiality thresholds. Any discussions or presentation to third parties should only be undertaken post release to the ASX of the subject matter if they include material information.

### *Website*

All releases whether material or not are required to be posted to the Group website for access by investors and other interested parties.

## **Principle 6 – Respect the rights of shareholders**

### **Corporate Governance**

The Group's website at [www.ardentleisure.com](http://www.ardentleisure.com) has a corporate governance section on its website from where all relevant corporate governance information can be accessed, including the details on the Board of Directors, Management Team, the Company Constitution, Board and Committee Charters and various corporate governance policies.

### **Investor Communications**

The Group has adopted a specific Investor Communications Policy for investors and believes that a flexible approach to investor communications and early adoption of emerging technology is the most effective manner of increasing investor participation in the business of the Group.

Throughout the year, the Group follows a calendar of regular disclosures to the market on its financial and operational results. An indicative calendar of events is made available to investors on the Group's website.

In accordance with the Group's Continuous Disclosure Policy, the Group must ensure it does not communicate inside information to an external party except where that information has previously been disclosed to the market generally.

## Corporate Governance Statement

As soon as is practicable, all Group announcements are posted to the Group's website. Other information of relevance to investors is also made available on our website, including, annual and half yearly financial reports, key dates, distribution history, cost base allocations, management fee breakdowns and the management investment trust notices.

The website also contains a link to the Group's security registry and a live feed from the ASX for the Group's security price information.

## Investors Reports

The Group prepares Annual Reports for investors for each half and full financial year. These reports are posted on the website on their day of release to the ASX. Investors may elect to receive a hard-copy of these reports or an email notification once they become available on the website. The default option for receiving the Annual Report is via the Group's website at [www.ardentleisure.com](http://www.ardentleisure.com).

## General Meetings

The Group holds an annual general meeting (AGM) in October or November each year. The date, time and venue of the AGM are notified to the ASX when the Annual Report is lodged with the ASX, generally in September each year. The Board of Directors aims to choose a date, venue and time considered convenient to the greatest number of our investors.

All notices of meetings will be accompanied by clear explanatory notes on the items of business. A copy of any such Notice of Meeting will be placed on the Group's website. Should an investor not be able to attend a general meeting they are able to vote on the resolutions by appointing a proxy. The proxy form included with the notice of meeting will clearly explain how the proxy form is to be completed and submitted.

As previously stated, the external auditor attends each AGM to answer questions about the conduct of the audit and the preparation and contents of the Auditors Report.

## Investor Benefit Program

Investors with 2,000 or more securities are entitled to participate in an Investor Benefits Program. The program aims to provide qualifying investors with an opportunity to experience some of the assets owned by the Group at discounted rates.

## Principle 7 – Recognise and manage risk

### Safety, Sustainability & Environment Committee

The Board has established a Safety, Sustainability & Environment Committee (**SSE Committee**), to monitor, review, evaluate and make recommendations to the Board in relation to occupational health & safety (**OH&S**), sustainability and the environment.

The Committee was established by the Board of Directors to monitor, review, evaluate and make recommendations to the Board in relation to the following matters:

#### *Safety*

- The effectiveness of OH&S policies and the safety related aspects of the operational risk management framework, necessary to maintain a safe environment for both guests and employees across the Group including drafting, implementing and recommending improvements;

## Corporate Governance Statement

- Setting appropriate goals to eliminate employee, contractor and guest injury;
- The adequacy of existing OH&S resources as well as their ongoing training and supervision;
- The scope and results of periodic internal and external reviews of OH&S and operational risks including the process of identifying and assessing OH&S risks and the adequacy of existing OH&S risk management systems; and
- The compliance of the Group with regard to existing and possible future OH&S regulations and determining what changes, if any, need to be made to existing work practices in order to ensure compliance.

### *Sustainability*

- Reviewing the Group's policies and procedures in relation to sustainability;
- Monitoring the adequacy of resources applied to sustainability as well as their ongoing training and supervision;
- Reviewing any report on sustainability, which is prepared pursuant to any Listing Rule or legislative requirement or which is proposed for inclusion in the Annual Report; and
- The compliance of the Group with regard to current laws and regulations and determining what changes, if any, need to be made to existing work practices in order to ensure compliance.

### *Environment*

- Evaluating and monitoring the effectiveness of the Group's environmental policies and environmental management plans;
- Evaluating and monitoring the adequacy of environmental resources as well as their ongoing training and supervision;
- Reviewing the scope and results of periodic internal and external reviews of environmental risks including the process of identifying and assessing environmental risks and the adequacy of existing environmental risk management systems; and
- The compliance of the Group with regard to current environmental laws and regulations and determining what changes, if any, need to be made to existing work practices in order to ensure compliance.

The Committee will not address matters associated with financial or monetary risk associated with internal financial controls.

## Risk Management Framework

The Risk Management framework for the Group requires a periodic review by management and the Board. These reviews ensure that the risk management framework continues to be a pro-active tool across the Group.

### *Scope of Risks considered*

The risk management review covers five key business risks:

<b>Key Business Risk</b>	<b>Risk Categories</b>
Enterprise	Continuity, Control, Cost, Culture, Efficiency, Insurance, Knowledge, Legal & Regulatory, Performance, Privacy, Resourcing, Strategic Planning, Strategic Execution, Succession.
Fraud/Error	Cash, Brand/Trademark, Consumables & Trading Stock, Procurement, Defamatory, Financial Statements, Furniture & Fittings, Hardware, Information Systems, Information & Knowledge, Job, Management Reporting, Payroll, Personal Property, Software, Office Supplies, Company Income Tax, GST, FBT, PAYG, Payroll Tax, Web.

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Key Business Risk	Risk Categories
Business Management	Framework Awareness, Change, Confidentiality, Contract, Culture, Detection, Documentation, Escalation, Interpretation, Reporting, Resourcing, Responsibility.
Board Secretarial	Admission, Conflict, Documentation, Duties, Governance, Legal, Regulatory, Resolution.
Environmental & Safety Management	Contamination, Media/Publicity, Employee Safety, Guest & Contractor Safety.

### *Risk Assessment Methodology*

The risk assessment methodology adopted for these reviews includes a three step process. Firstly, the inherent risk for each risk category is determined by evaluating likelihood & consequence of the risk based on the current and existing processes. Risks are evaluated and ultimately allocated to one of four distinct categories of Extreme, High, and Moderate and Low. Next the effectiveness of existing risk controls is reviewed and a ranking determined on a scale of Good, Fair or Poor. Finally, after the controls have been assessed the residual risk factors are derived into three categories of High, Medium and Low by merging the inherent risk rating and the effectiveness of the controls rating.

### Internal Audit

The Group has an Internal Audit function which is responsible for assisting with the accomplishment of the Group's objectives by bringing a systematic, disciplined approach to evaluating and continually improving the effectiveness of its risk management and internal control processes.

### Principle 8 – Remunerate fairly and responsibly

#### Remuneration & Nomination Committee

The Remuneration and Nomination Committee is specifically responsible for:

- Making recommendations to the Board in relation to setting policies for remuneration programs appropriate to the Group;
- Remuneration and incentive schemes of senior management, including short term and long term incentive arrangements and participation;
- Reviewing the performance of the executive key management personnel (**KMP**) on an annual basis;
- setting the Group's recruitment, retention and termination policies and procedures for senior management;
- Superannuation;
- The remuneration framework for Directors; and
- The approval of any report on executive remuneration, which is required pursuant to any Listing Rule or legislative requirement or which is proposed for inclusion in the Annual Report.

Further details of the Group's remuneration policies are set out in the Directors' Report contained in the Annual Financial Report for the year ended 26 June 2018.

The Board has adopted a specific clawback clause to be included in grant letters for deferred equity whereby any unvested Performance Rights shall be subject to potential lapse, cancellation, rescission or other action in the event that the Group becomes aware of any misstatement in its financial statements for any of the immediately preceding 3 financial years due to:

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- (a) a material non-compliance with any financial reporting requirement;
- (b) the misconduct of any KMP; or
- (c) the misconduct of any of its other employees, contractors or advisers as a result of the direction (or lack of direction) by any member of the KMP.

To the extent that the Performance Rights granted exceed the number, metrics or outcome that would have been applied had the misstatement not been made, then the Board retains its discretion to adjust LTI payments subject to outcomes.

In making recommendations to the Board in relation to KMP and Non-Executive Director remuneration, the Committee may source direct advice from external advisors in relation to market trends for KMP and Non-Executive Director remuneration.