

2018 CORPORATE GOVERNANCE STATEMENT

Introduction

Overview

Good corporate governance is central to Vocus' approach to create 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**).

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, as was approved by the Board on, 21 August 2018.

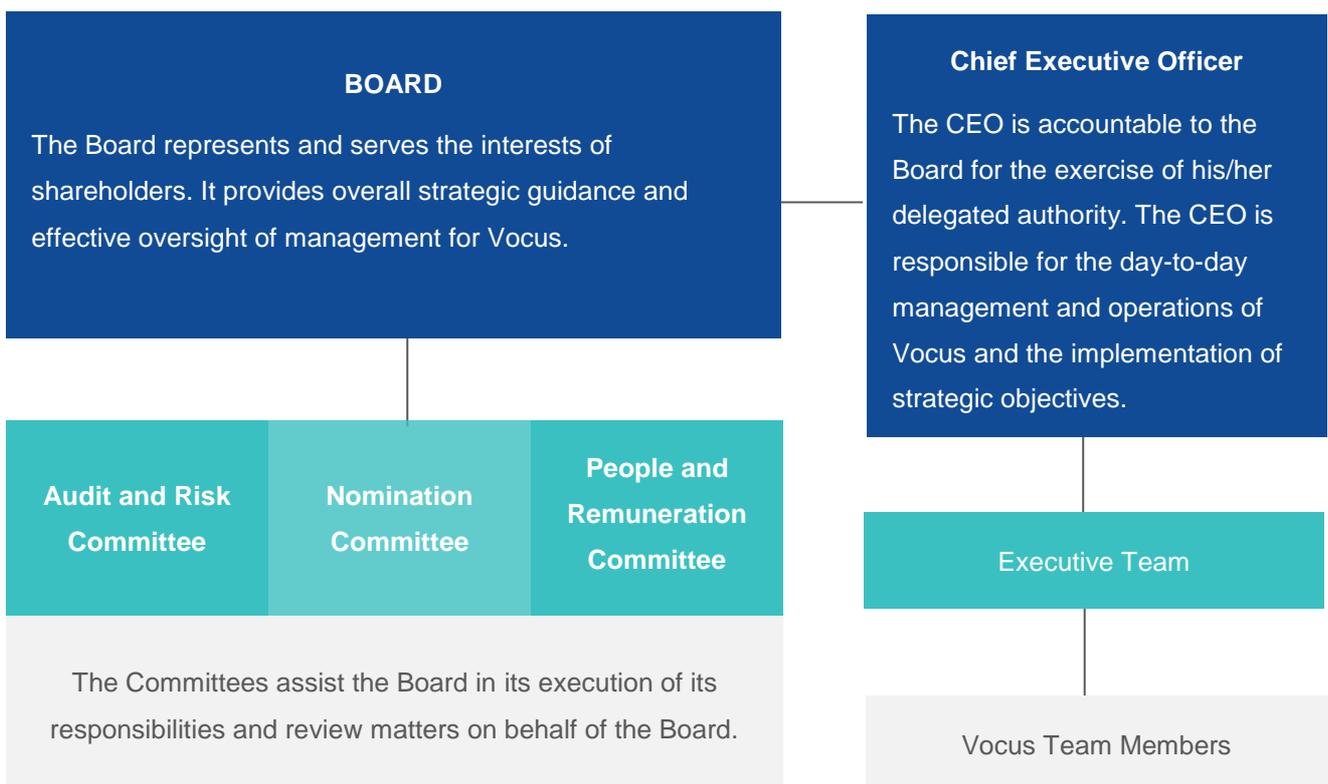
The Board and Management

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 Chief Executive Officer) and those functions delegated to its Group Managing Director & Chief Executive Officer (**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, that is, Mr John Ho, Ms Julie Fahey and any other directors who are appointed prior to that meeting, will stand for election at the 2018 Annual General Meeting. This includes Mr Mark Callander, an executive director, who will stand for election. However, the CEO, Mr Kevin Russell, is not required under Vocus' Constitution to stand for election.

The Constitution also provides that a director must retire and may stand for re-election at the end of 3 years. None of the previously elected directors fall into this category, and therefore none of them are required to retire and stand for re-election at the 2018 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 appointing a person as a director, 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.

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 past 12 months, the composition of the Board has undergone a significant renewal. The Board is now composed of 6 independent non-executive directors, one of whom acts as Chairman, and 2 executive directors, including the CEO. The Board regularly assesses the independence of each non-executive director, and of its committee members.

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

Director	Position	Independent ?	Appointment Date	Anniversary (30 June 2018)
Mr Robert Mansfield AO ¹	Non-Executive Director (Chair)	Yes	1 January 2017	1.5 years
Mr Kevin Russell	Group Managing Director and Chief Executive Officer	No ²	28 May 2018	<1 year
Mr Jon Brett	Non-Executive Director	Yes	29 August 1998	~ 8 years ³
Ms Rhoda Phillippo	Non-Executive Director	Yes	22 February 2016	2 years
Mr David Wiadrowski	Non-Executive Director	Yes ⁴	24 July 2017	1 year
Mr John Ho	Non-Executive Director	No ⁵	8 January 2018	<1 year
Ms Julie Fahey	Non-Executive Director	Yes	2 February 2018	<1 year
Mr Mark Callander	Executive Director	No ⁶	28 May 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 Brett's tenure prior to June 2010 was deemed not to be relevant, as prior to that date, the Company was engaged in the provision of capital to companies in the wine industry, and not in the supply of telecommunications services.

⁴ 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. Mr Wiadrowski 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.

⁵ Mr Ho indirectly holds a 17.9% interest in Vocus and is therefore not considered to be an independent director.

⁶ 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 Vaughan Bowen resigned from the Board on 5 March 2018, having held the role of Chairman between the period of 3 October 2017 and 5 March 2018;
- Mr Craig Farrow resigned from the Board on 5 March 2018, having been appointed as a non-executive director on 22 February 2016; and
- Ms Christine Holman resigned from the Board on 13 November 2017, having been appointed as an independent non-executive director on 24 August 2017.

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 2018 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.

Earlier in the reporting period, Mr David Spence announced his decision to retire from his role as Chairman of the Board and not to stand for re-election at the 2017 Annual General Meeting after seven years in the role. Mr Vaughan Bowen was appointed non-executive Chairman from 3 October 2017 and held this role until he resigned from the Board on 5 March 2018, at which point Mr Mansfield was appointed as Chairman.

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 was appointed to this role with effect from 28 May 2018. Mr Geoffrey Horth held the role of CEO from 22 February 2016 until 26 February 2018.

The Company Secretary

[Recommendation 1.4]

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

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

Executive Leadership Team

[Recommendation 1.3]

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

Board Skills Matrix

[Recommendation 2.2]

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	6
Leadership – Board, Executive and Operational	Considerable experience at ASX listed board level or other major private company (board leadership); Sustained success at CEO or senior executive level in a major business or corporate	8
Strategy	Proven ability in developing and implementing successful strategies, including appropriately probing and challenging management on the delivery of agreed strategic objectives	8
Sales & Marketing, Customer Focus	Experience in developing and executing against growth sales and marketing strategies and plans; experience in development of product and/or customer management strategies	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.	4
Investment and Treasury Management	Knowledge and experience in capital markets, banking, treasury and investments	3
Governance	Knowledge and experience in best practice governance structures, policies and processes	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	4
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	4

Director Induction and Professional Development

[Recommendation 2.6]

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

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

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

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

Board and Executive Team Performance Evaluation

[Recommendations 1.6, 1.7]

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

In FY18, given the focus of the Committee on the renewal of the Board and the significant changes in the composition of the Board which occurred during the year, the Nomination Committee determined that it would be appropriate to defer any evaluation of the Board’s performance to early 2019. The Board plans to undertake a formal 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 People & Remuneration Committee, in conjunction with the CEO, is responsible for evaluating the performance of the individual members of the Executive Team, and of the Executive Team as a whole. Both individual and team performance is evaluated annually against 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.

Remuneration

[Recommendations 8.2, 8.3]

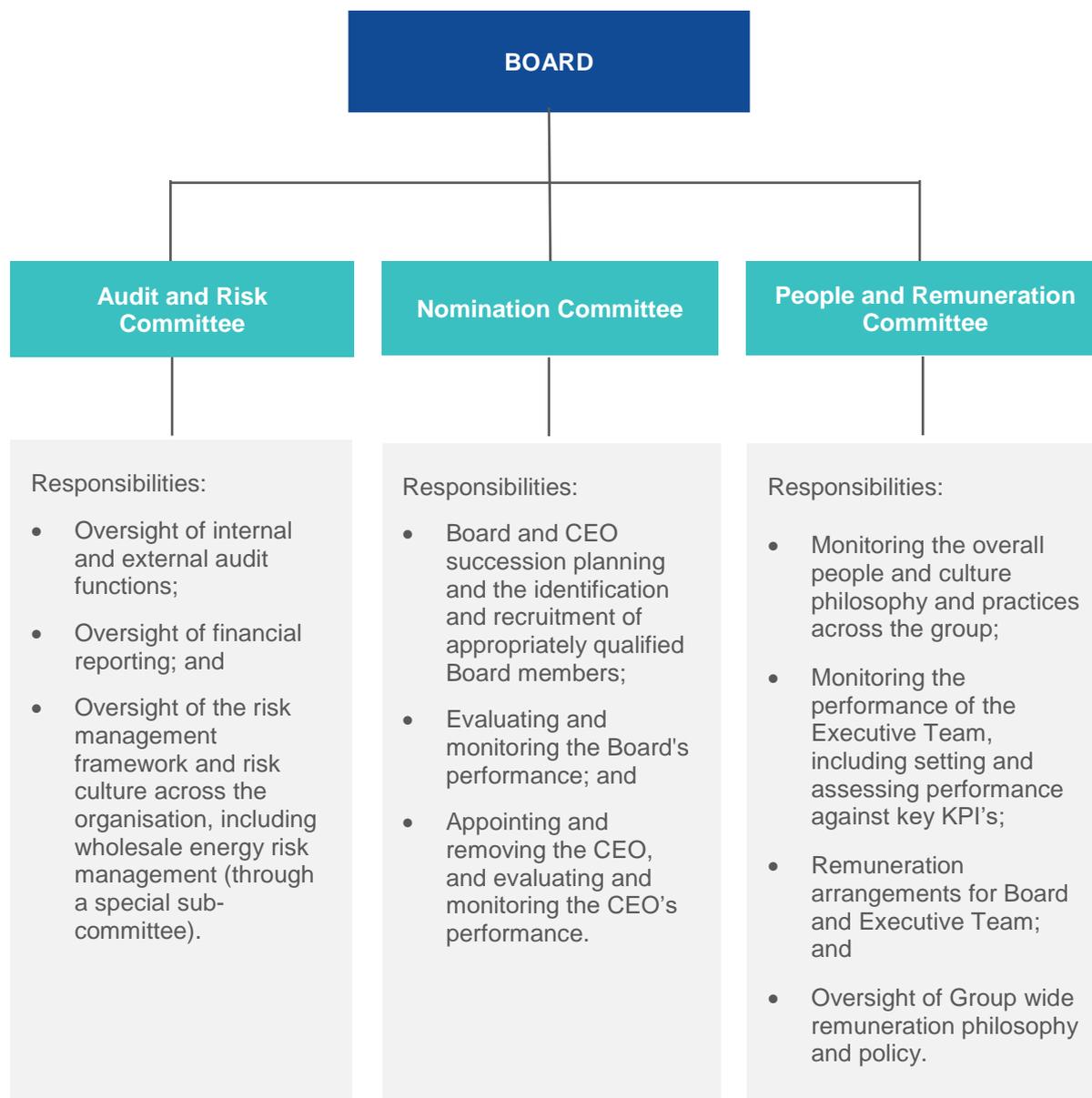
Remuneration arrangements for non-executive directors are distinct from those for executive directors and members of the Executive Team. In particular, non-executive directors receive fees for their director services and do not receive equity or bonus compensation. Non-executive directors are also not 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 2018.

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. 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:



In addition to the core standing sub-committees described above, the Board from time to time constitutes special purpose committees to address particular areas of need or focus. During the reporting period, a Technology Oversight Committee was established, with responsibility for overseeing the complex technology and infrastructure evaluation and re-design, and the development of a new technology strategy roadmap for the future. Having completed its task, the Committee ceased to operate from 30 June 2018.

Committee Membership as at the date of this report

Committee	Committee Members	Standing Invitees
Audit & Risk Committee Wholesale Energy Risk Sub-Committee	Mr David Wiadrowski (Chair) Mr Jon Brett Ms Rhoda Phillippo Ms Rhoda Phillippo (Chair) Mr David Wiadrowski	Group Managing Director & Chief Executive Officer Chief Financial Officer Chief Risk Officer (Head of Risk) General Counsel & Company Secretary (Risk Items) Divisional heads of finance functions (Audit Items) External auditors (Deloitte) Internal auditors (outsourced function – KPMG)
People & Remuneration Committee	Ms Julie Fahey (Chair) Mr Jon Brett Ms Rhoda Phillippo Mr John Ho	Group Managing Director & Chief Executive Officer Executive Director (NZ items only) General Counsel & Company Secretary (Group Executive – HR) Head of People & Culture (recent appointment)
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]

In January 2018, the Board decided to combine its Audit Committee and Risk Committee, forming a single Audit & Risk Committee, to enable greater coordination between the functions of the two former committees. The Committee's core responsibilities and functions are set out in its Charter.

The 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. The relevant qualifications and experience of each member of the Audit & Risk Committee are set out on in the Directors' Report.

Prior to his resignation from the Board, Mr Craig Farrow was also a member of the Audit & Risk Committee.

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 Mrs Rhoda Phillippo, which manages Vocus' exposure to the risk of fluctuating wholesale prices for gas and electricity in accordance with Vocus' Wholesale Energy 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.

Prior to their respective resignations from the Board, Mr David Spence, Mr Craig Farrow and Mr Vaughan Bowen were each members of the Nomination Committee. Mr Spence and Mr Bowen acted as Chair of this Committee during the respective tenures as Chairman, however, each of them stepped aside when the

Committee was required to address the issue of the Chair succession. Mr Mansfield acted as Chair of this Committee when it dealt with the selection of a successor for Mr Spence, and Mr Wiadrowski acted as Chair when the Committee dealt with the selection of a successor for Mr Bowen.

The Nomination Committee engaged an external consultant, Maritana Partners, to assist with the selection and appointment of the CEO, and of a number of additional non-executive directors. The Nomination Committee was responsible for the development of appropriate selection criteria, and in the recruitment and selection process of appropriate candidates for these roles. All candidates underwent a comprehensive screening and interview process, including interviews with other board members, prior to being offered a position.

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]

In April 2018, the Board expanded the role of the Remuneration Committee to include oversight of Vocus' culture, and its human resources policies and processes.

The People & Remuneration Committee satisfies its minimum membership requirements, with four non-executive directors, three 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.

During the reporting period, prior to his resignation from the Board, Mr Craig Farrow was also a member of the Remuneration Committee.

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

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

Technology Oversight Committee

The Technology Oversight Committee was established in July 2017 and functioned throughout the reporting period, until it had completed its objectives at the end of that period, and ceased to operate following 30 June 2018. This Committee was tasked with having oversight and implementation of Vocus' strategic review of its

networks, technology, systems and related processes. Each of the members of this Committee, and in particular, its Chair, Ms Rhoda Phillippo, held qualifications and experience involving transformation which enabled them to provide the specialist oversight required of this Committee.

Prior to his resignation on 5 March 2018, Mr Craig Farrow was a member of the Technology Oversight Committee.

The Chief Technology Officer attended the Technology Oversight Committee meetings as a standing invitee.

Please refer to the Directors' Report for the number of meetings and attendance of members at the Technology Oversight Committee meetings.

The Technology Oversight 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. Gender diversity continues to be a key focus, with efforts to increase levels of female representation at the operational, management, executive and board levels. These efforts include the introduction of various programmes throughout the organisation, including the facilitation of flexibility working arrangements, compatible with their individual circumstances and personal responsibilities, such as their parental responsibilities as well as individual cultural and religious needs.

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. For the 2018 calendar year (which includes this reporting period), the Board set the following as objectives:

1. Conduct a review of its Diversity and Inclusion policy, and its strategy to support that policy. The policy has been reviewed and updated in the reporting period. A detailed strategy for implementation of that policy is a priority for the remainder of the year.
2. Increase 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 as it continues to fill new positions at various levels in the organisations. 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. Maintain its current flexible working practices policy, and continue 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. Undertake a review of its Parental Leave policy and approach.
5. Benchmark Vocus' existing Diversity and Inclusion practices – the appropriate benchmarks for our industry are to be determined and identify other areas of priority focus such as race, LGBTI, age and disability.

The following table sets out key statistics on gender diversity, measured at 30 June 2018 and compared to the statistics in the previous corresponding period, for its Australian team members.

Role	30 June 2018		30 June 2017		% Change (FY17 to FY18)
	Number of Females	(% of total)	Number of Females	(% of total)	
Board	2	25%	1	17%	+8%
Executive Team	2	29%	2	29%	+0%
Senior Leadership Team ^{1, 2}	6	13%	12	25%	-12%
Other Team Members ²	369	28%	439	29%	-1%

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.

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. In the case of the half year financial statements, the declaration was received from Mr Geoff Horth as CEO and Mr Mark Wratten as CFO. The declaration in respect of the full year financial statements was tabled by Mr Kevin Russell as CEO and from Mr Wratten as CFO.

External Audit

[Recommendation 4.3]

Deloitte is Vocus' external auditor. During Vocus' 2017 Annual General Meeting held on 24 October 2017, the lead audit partner of Deloitte 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 Deloitte has also been invited to attend Vocus' Annual General Meeting for 2018 to answer any questions about the conduct of the audit for FY18.

Internal Audit

[Recommendation 7.3]

Vocus has an independent internal audit function which reports to the Audit and 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 has retained KPMG 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.

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

As stated above, Vocus' statutory audit functions are undertaken by Deloitte, and so the appointment of KPMG 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 mediation 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 on a half yearly basis. During the reporting period, this policy was reviewed four times, in light of the changes which occurred during the year at the various leadership levels.

Vocus' insurance program is also comprehensively reviewed by the Risk and 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 cyber and data privacy related risks, 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 2018 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 General Manager – Investor Relations. 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 FY18.
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	Company performance and other shareholder information are available under the <i>Investors</i> section of Vocus' website. Vocus maintains effective communication with its shareholders through a structured investor relations program which includes a calendar of events. 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.

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/>