

# **SOUTHERN CROSS MEDIA GROUP LIMITED**

CORPORATE GOVERNANCE STATEMENT

**SCA**

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The Board of Southern Cross Media Group Limited (Company) is responsible for the corporate governance of Southern Cross Austereo, comprising Southern Cross Media Group Limited and its subsidiaries (SCA). The Board guides and monitors the business and affairs of SCA on behalf of shareholders, working with management to implement and maintain an effective system of corporate governance.

This statement describes SCA's key corporate governance practices and policies. The 2019 Annual Report, Company Constitution, Board Charter, Board Committee Charters, Risk Management Framework (including Risk Appetite), Risk Management Policy, Taxation Risk and Governance Policy, Code of Conduct, Securities Trading Policy, Senior Executive Evaluation Policy, Senior Executive Remuneration Framework, Non-executive Director Share Ownership Policy, Senior Executive Share Ownership Policy, Diversity Policy, External Communications Policy, and SCA's 2019 Tax Transparency Report are available under the Investors tab on SCA's website [www.southerncrossaustereo.com.au](http://www.southerncrossaustereo.com.au). This statement was authorised for issue by the Board on 20 September 2019. Unless specified otherwise, the information in this statement is current as at that date.

# BOARD OF DIRECTORS

## COMPOSITION OF THE BOARD

Membership of the Board and its Committees at 30 June 2019 is set out below. A profile of each director, including details of their skills, experience and expertise, is available in the Directors' Report in the 2019 Annual Report and on SCA's website.

Director	Membership Type	Length of Service (Years)	Audit & Risk Committee	People & Culture Committee	Nomination Committee
Peter Bush	Independent Chair	4.3			Chair
Leon Pasternak	Independent Deputy Chair	13.8			
Grant Blackley	CEO/Managing Director	4.0			
Glen Boreham	Independent	4.8	Member	Member	
Rob Murray	Independent	4.8		Member	Member
Helen Nash	Independent	4.2	Member	Chair	Member
Melanie Willis	Independent	3.1	Chair	Member	

There were no changes in the composition of the Board during the year. The average tenure of the Board at 30 June 2018 was 5.6 years (2018: 4.6 years; 2017: 3.6 years; 2016: 2.9 years), with a median tenure of 4.3 years (2018: 3.3 years; 2017: 2.3 years; 2016: 1.5 years). The average age of the Board at 30 June 2019 was 52 years (2018: 51; 2017: 50 years; 2016: 50 years).

The Board's Nomination Committee considers that the Board's current composition is appropriate, but has processes in place to identify suitable candidates for future appointment to the Board. Leon Pasternak, who was most recently re-elected by shareholders at SCA's 2018 AGM, has announced that he will retire during his current term of office.

## BOARD SKILLS MATRIX

The Board has a highly relevant and diverse range of expertise and works well as a team. The following matrix identifies the skills and experience of the Board that enable it to meet the current and future challenges of the Group:

Board skills and experience	Peter Bush	Leon Pasternak	Grant Blackley	Glen Boreham	Rob Murray	Helen Nash	Melanie Willis	Total
<b>Media expertise</b> Expertise and experience in the media industry	✓	✓	✓	✓				4
<b>Strategy</b> Competency in development and implementation of strategic thinking	✓	✓	✓	✓	✓	✓	✓	7
<b>Executive leadership</b> Successful leadership of large organisations	✓	✓	✓	✓	✓	✓	✓	7
<b>Governance</b> Experience as a director of ASX listed businesses. Understanding of corporate governance, including ASX listing requirements, Corporations Act and relevant legislative framework	✓	✓	✓	✓	✓	✓	✓	7
<b>Financial acumen</b> Expertise and experience in understanding finance and financial reporting, including financial risk management and risk frameworks	✓	✓	✓	✓	✓	✓	✓	7
<b>Marketing and sales</b> Expertise and experience in marketing and sales (particularly advertising sales)	✓		✓		✓	✓		4
<b>Acquisitions and divestments</b> Experience in mergers, acquisitions and divestments	✓	✓	✓	✓	✓	✓	✓	7
<b>Debt and capital markets</b> Experience in debt and capital structuring	✓	✓	✓				✓	4
<b>Technology</b> Experience in technology and technology projects	✓		✓	✓	✓			4

## BOARD INDEPENDENCE

The Board assesses the independence of directors on appointment and annually thereafter. All directors are expected to bring independent judgment to bear on Board decisions and to act in the best interests of SCA and security holders generally. Relevant factors include whether a director:

- is independent of management and free of business or other associations that could materially interfere with, or reasonably be perceived to interfere materially with, the exercise of independent judgment
- has been a director of the Group for such a period that independence may have been compromised.

The Board considers that all directors, except for Grant Blackley who is an executive director, are independent. This includes Melanie Willis, who is also a non-executive director of one of SCA's substantial shareholders, Challenger Limited. Challenger's relevant interest in SCA shares arises through its minority shareholdings in two boutique investment funds. Challenger provides administration and distribution services to each of these funds, but each fund has day-to-day discretion in its investment decisions. The board of Challenger does not direct or exert any practical influence over these funds' decisions in relation to their acquiring or disposing of investments or in relation to their voting on matters relating to any such investments.

## ROLE OF THE BOARD

The Board is responsible for the overall corporate governance of SCA. The Board's roles and responsibilities are formalised in the Board Charter.

Under the Board Charter, the responsibilities of the Board are:

- approving and monitoring implementation of SCA's strategic objectives, policies and budgets
  - monitoring SCA's financial performance and operations, including approval of the annual and half year financial statements and reports
  - approving major investments and monitoring the return on those investments
  - appointing, determining the terms of appointment of, and removing the CEO and consulting with the CEO on the appointment, terms of appointment and removal of members of SCA's senior leadership team and the company secretary
  - monitoring the performance and development of the CEO and SCA's senior leadership team
  - overseeing the remuneration framework and succession planning for the CEO and SCA's senior leadership team
  - approving SCA's risk management and internal control framework, monitoring the efficiency and effectiveness of that framework including the risk appetite within which the Board expects management to operate
  - monitoring SCA's compliance with legal and regulatory requirements and ethical standards.
- The following matters are reserved for the Board or its Committees:
- appointing, determining the terms of appointment and removing the Chair
  - appointing, determining the terms of appointment and removing the CEO
  - appointing a director to fill a vacancy or as an additional director
  - establishing Board Committees, their composition, charters and authorities
  - approving dividends and dividend policy
  - changing the capital structure of SCA, including issuing equity, equity-like or debt instruments and entering or re-financing debt facilities
  - approving expenditure in excess of monetary authority levels delegated to the CEO
  - convening meetings of shareholders
  - the remuneration of non-executive directors (subject to limits approved by shareholders), the CEO and any executive director
  - any change to the authority delegated by the Board to the CEO
  - any other matter specified by the Board from time to time.

## **CHAIR AND DEPUTY CHAIR**

The directors vote among themselves to elect an independent non-executive director as the Chair and, if they so choose, a Deputy Chair. Peter Bush was appointed as Chair upon his joining the Board on 25 February 2015. The Deputy Chair of the Board is Leon Pasternak.

The Chair leads the Board, fostering an open and collegiate culture to ensure the Board operates effectively. The Chair is responsible for:

- promoting a constructive relationship between the Board and management through the CEO
- managing the efficient organisation and conduct of the Board's functions and meetings
- overseeing regular and effective evaluations of the Board's performance
- exercising other powers delegated by the Board from time to time.

The Deputy Chair chairs Board meetings when the Chair is absent or otherwise not able to do so and provides other support as required by the Chair. During the 2019 financial year, Leon Pasternak chaired the Board for three months while Peter Bush was granted leave of absence to undergo and recover from medical treatment.

## **DELEGATION TO CEO**

As permitted by SCA's Constitution, the Board has delegated to the CEO all powers and authorities required to manage and control SCA's day to day operation, except those powers and authorities reserved to the Board as described in the Board Charter or delegated to one of the Board's Committees. SCA's CEO and Managing Director is Grant Blackley.

The CEO leads SCA's management and is therefore responsible to the Board for:

- managing and controlling SCA's day-to-day operations in accordance with the strategic objectives, policies and budgets adopted by the Board
- providing the Board with timely, accurate and clear information to enable the Board to perform its responsibilities.

## **BOARD MEETINGS**

Board meetings are scheduled approximately eight times per year, with other meetings called as required. Meetings attended by directors for the 2019 financial year are reported in the Directors' Report in the 2019 Annual Report.

In advance of Board meetings, directors receive papers which contain sufficient information to enable informed discussion of all agenda items. Papers are distributed and remain available for ongoing reference by directors through a secure electronic board portal. Minutes of Board meetings are tabled and confirmed at the following Board meeting.

## **DIRECTOR APPOINTMENT AND RE-ELECTION**

SCA's Constitution authorises the Board to appoint a new director, either to fill a casual vacancy or as an addition to the existing directors, provided the total number of directors is no more than nine. A director appointed by the Board holds office only until the close of the next Annual General Meeting (AGM), but is eligible for election by shareholders at that meeting.

SCA's Constitution specifies that all directors must retire from office no later than the third AGM following their last election. Where eligible, a director may stand for re-election.

All new directors are subject to appropriate checks prior to appointment. The Nomination Committee assists the Board in selecting candidates for appointment as a director.

When a candidate is standing for election or re-election, shareholders are provided with the following information to allow them to make an informed decision on whether to elect or re-elect the candidate:

- biographical details of the candidate, including relevant qualifications, experience and skills
- details of any other material directorships held by the candidate
- any material adverse information revealed by the checks SCA has performed about the candidate
- details of any interest, position, association or relationship that might influence in a material respect, or might reasonably be perceived to influence in a material respect, the candidate's capacity to bring an independent judgment to bear on issues before the board and to act in the best interests of the Company and its security holders generally
- the term of office served by the candidate if a current director
- if the Board considers the candidate to be an independent director, a statement to that effect
- a statement by the Board as to whether it supports the election or re-election of the candidate.

## **DIRECTOR INDUCTION**

SCA enters into a letter of appointment with each non-executive director. The letter sets out the Board's expectations for non-executive directors and the remuneration payable to non-executive directors. Each new director is invited to participate in an induction program, which includes meeting with other directors and members of SCA's senior leadership team to gain a greater understanding of the business.

Directors are provided with opportunities to participate in any continuing education programs organised for the Board to develop and maintain the skills and knowledge needed to perform their role. This may take the form of presentations by management or external parties on responsibilities of directors, the industries in which SCA operates and other matters. During the 2019 financial year, the Board received briefings from all members of SCA's senior leadership team on their respective areas of responsibility, as well as external presentations in relation to SCA's insurance program, taxation governance and risk, and merger and acquisition threats and opportunities.



## **BOARD PERFORMANCE EVALUATION**

The Chair oversees regular evaluations of the performance of individual directors, Committees and the Board. This includes discussions with individual directors about their contributions at and between meetings of the Board and its Committees.

Following the Lifestyles Inventory (LSI) survey facilitated by Human Synergistics in 2018, the Board has recently conducted an internal performance evaluation. Directors completed a questionnaire and discussed their responses with the Chair.

## **REMUNERATION OF NON-EXECUTIVE DIRECTORS**

The Chair and the Deputy Chair receive a fixed aggregate fee. Other non-executive directors receive a base fee for acting as a director and additional fees for participation as chair or as a member of the Board's Committees. Non-executive directors do not receive performance-based fees and are not entitled to retirement benefits as part of their fees.

The maximum annual aggregate fee pool for non-executive directors is \$1,500,000. This was approved by shareholders at the 2011 AGM.

Following consideration of an independent benchmarking report prepared by KPMG, the Board has adjusted the fees for chairing and membership of the People & Culture Committee to align them with the corresponding fees for the Audit & Risk Committee. Further details of the remuneration paid to non-executive directors is provided in the Remuneration Report.

## **INDEPENDENT PROFESSIONAL ADVICE**

The Charters of the Board and its Committees set out procedures for directors to obtain independent professional advice at SCA's expense.

## **COMPANY SECRETARY**

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

# BOARD COMMITTEES

The Board has three standing Committees: the Audit & Risk Committee, the People & Culture Committee and the Nomination Committee. The responsibilities of each Committee are set out in a Charter approved by the Board.

In advance of each meeting, Committee members receive papers which contain enough information to enable informed discussion of all agenda items. Papers are distributed and remain available for ongoing reference by Committee members and other directors through a secure electronic board portal. Minutes of Committee meetings are tabled and confirmed at the following Committee meeting.

## AUDIT & RISK COMMITTEE

The members of the Audit & Risk Committee are Melanie Willis (Chair), Glen Boreham and Helen Nash. Details of meetings held during the year and attendance by Committee members are set out in the Directors' Report in the 2019 Annual Report.

The Audit & Risk Committee assists the Board in its oversight of:

- the integrity of SCA's financial reporting
- the making of informed decisions regarding accounting policies, practices and disclosures
- SCA's tax strategy, compliance and reporting and management of tax risk
- the effectiveness of SCA's risk management framework
- the appointment, independence, performance and remuneration of the external auditor and the integrity of the audit process.

## PEOPLE & CULTURE COMMITTEE

The members of the People & Culture Committee are Helen Nash (Chair), Glen Boreham, Rob Murray and Melanie Willis. Details of meetings held during the year and attendance by Committee members are set out in the Directors' Report in the 2019 Annual Report.

The People & Culture Committee assists the Board in its oversight of management activities in:

- developing and implementing strategies aimed at improving SCA's culture and diversity, consistent with the organisation's values
- undertaking executive development, succession and talent management programs and activities
- promoting a healthy and safe working culture for SCA's employees, contractors, audience members, clients and visitors
- providing effective remuneration policies aligned with creation of value for shareholders, and having regard to applicable governance, legal and regulatory requirements and industry standards
- reporting to shareholders and other stakeholders according to applicable standards.

## NOMINATION COMMITTEE

The members of the Nomination Committee are Peter Bush (Chair), Rob Murray and Helen Nash. The Committee consults with other directors about its responsibilities. Details of meetings held during the year and attendance by Committee members are set out in the Directors' Report in the 2019 Annual Report.

The Nomination Committee assists the Board on:

- Board composition and succession planning
- director performance evaluation processes and criteria
- succession planning for senior executives.

# EXECUTIVE REMUNERATION & PERFORMANCE

**The Board has adopted a Senior Executive Remuneration Framework.**

**The Framework aims to ensure that reward for performance is competitive and appropriate for the results delivered, aligning executive reward with achievement of strategic objectives and the creation of value for shareholders, consistent with market practice for delivery of reward.**

Information about SCA's remuneration policies and practices for the CEO and other senior executives, and their remuneration during the 2019 financial year, is set out in the Remuneration Report in the 2019 Annual Report.

In accordance with the Board's Senior Executive Evaluation Policy, the performance of the CEO is reviewed at least annually by the non-executive directors and the CEO at least annually reviews the performance of all other senior executives. Performance is evaluated against personal and corporate goals. As outlined in the Senior Executive Remuneration Framework, these goals are allocated to three categories having regard to SCA's business strategy: profitability and financial performance (40%), high level operational improvements (40%) and cultural and behavioural influences (20%). This recognises the long-term benefits of SCA's leaders committing to develop and maintain a strong culture and operational discipline.

Led by the Board Chair and the Chair of the People & Culture Committee, the Board conducted an evaluation of the CEO's performance and reviewed the CEO's evaluation of his direct executive reports during the year. The outcome of those evaluations for the purposes of SCA's executive short term incentive plan is reported in the Remuneration Report.

Under changes made to the Senior Executive Share Ownership Policy in August 2019, SCA's senior leadership team is required to accumulate and retain a minimum shareholding in SCA. Unless a leadership executive has already met the minimum shareholding requirement, 25% of any shares allocated to the executive on vesting of Performance Rights under the LTI plan and the equity portion of the executive's STI awards will be subject to a disposal restriction until

# RISK MANAGEMENT AND INTEGRITY OF FINANCIAL REPORTING

## RISK MANAGEMENT

The Board has adopted a Risk Management Framework and a Risk Management Policy. They establish a holistic approach to risk management that promotes an integrated and informed view of risk exposures across SCA's activities and operations. The framework is the total of systems, structures, policies, processes and people within SCA that identify, assess, control and monitor all sources of risk that could have an impact on SCA. It provides management with

- an integrated framework to effectively manage uncertainty and obligations, respond to risks, as well as capitalise on opportunities as they arise
- minimum standards for the governance, processes and tools required to administer the requirements of the Risk Management Policy
- the ability to manage risks across SCA by providing accurate and timely reporting on the profile of risks and controls across SCA.

The Audit & Risk Committee assists the Board to oversee the risk management framework and any matters of significance affecting SCA's financial reporting and internal controls. This includes annual review of the Risk Management Framework and a Risk Management Policy.

SCA has adopted the following categories of risks that affect its activities:

- strategy and planning
- brands and content
- sales and distribution
- infrastructure

- governance, risk and compliance.

To guide its decision-making, SCA has defined its tolerance for risk in each of the above risk categories. These tolerances are set out in the Risk Appetite Statement included in the Risk Management Framework.

SCA's management team is responsible for the day-to-day implementation of the risk management framework and internal controls within SCA. Each risk is allocated to a risk owner with direct responsibility for managing that risk, including implementing mitigation strategies and escalating to senior management if required. Management reports regularly to the Board through the CEO on the status of SCA's material business risks. Risks rated High or Very High are reviewed at each meeting of the Audit & Risk Committee.

Current High or Very High business and operational risks include the following:

- decrease in the size of the free-to-air television market at a faster rate than forecast
- finding and retaining good on-air talent
- new products emerge that are more compelling than linear radio; and
- global technology platforms alter the distribution landscape, leading to a loss of revenue.

Further details about these risks and SCA's mitigation strategies are outlined under Material Risks in the Review and Results of Operations in the 2019 Annual Report.

## TAX GOVERNANCE

With support from SCA's tax advisers, KPMG, SCA reviewed its tax risk management and governance arrangements during 2017. The Australian Taxation Office conducted a streamlined assurance review in 2018 and assessed SCA's tax risk management and governance framework as Stage 1 (Demonstrated that a tax control framework exists). Based on its published insights, the ATO has assessed 70% of the top 1,000 taxpayers as Stage 1 for tax governance.

SCA has committed to strengthening its tax governance framework to reduce risk and to earn a "justified trust" assessment from the ATO. Steps taken to date include adoption by the Board of a Taxation Risk and Governance Policy, rolling out a detailed operational tax governance policy to guide employees with tax responsibilities and adoption of the ATO's voluntary Tax Transparency Code. In August 2019, SCA published its first Annual Tax Transparency Report.

## INTERNAL AUDIT

SCA has not implemented an internal audit function. The Board considers that SCA's operations do not require this to be instigated as a separate function to those functions undertaken by the external auditors and the Audit & Risk Committee.

## ASSURANCE

The CEO and CFO have declared in writing to the Board that:

- financial records have been properly maintained in that they correctly record and explain SCA's transactions, and financial position and performance, enable true and fair financial statements to be prepared and audited; and are retained for seven years after the transactions covered by the records are completed
- the financial statements and notes required by the accounting standards for the financial year comply with the accounting standards
- the financial statements and notes for the financial year give a true and fair view of SCA's financial position and performance
- any other matters that are prescribed by the Corporations Act and regulations as they relate to statements and notes for the financial year are satisfied
- in accordance with section 295A of the Corporations Act, in their view the financial statements are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Audit & Risk Committee maintains open lines of communication between the Board, management and the external auditors to enable information and points of view to be freely exchanged. The Board has appointed PwC as SCA's external auditor. PwC's audit engagement partner attends each meeting of the Audit & Risk Committee and periodically meets separately with the Chair of the Audit & Risk Committee.

PwC's audit engagement partner also attends SCA's AGM and is available to answer questions from security holders about the conduct of the audit, and the preparation and content of the auditor's report.

After five years as PwC's audit engagement partner, Sam Lobley will be replaced in that role in the 2020 financial year by Trevor Johnston. To ensure an effective transition, Mr Johnston shadowed PwC's audit and attended meetings of the Audit & Risk Committee in the 2019 financial year.

# COMPANY POLICIES

## CODE OF CONDUCT

SCA's Code of Conduct sets out principles and standards that apply to all directors, employees and certain contractors and consultants.

The Code of Conduct is underpinned by a range of more specific policies setting out SCA's expectations, practices and procedures for directors, employees and certain contractors and consultants. These policies are made available through SCA's employee intranet and, where applicable, to contractors and consultants. Induction and periodic training are provided to all employees on key policies relating to matters such as workplace health and safety and radio and television codes of practice.

SCA does not have a whistleblowers policy. However, SCA has detailed grievance procedures that have proved effective for investigation and resolution of issues that arise in the workplace or in relation to the way in which SCA conducts its business. Following passage of the Treasury Laws Amendment (Enhancing Whistleblower Protections) Act 2019, SCA will implement a whistleblower policy during the new financial year. Training for directors and other parties eligible to receive protected disclosures under the new legislation will be provided when the new policy is implemented.

SCA is well-advanced to commence reporting in the new financial year under the recently introduced Modern Slavery Act 2018. The procurement team has reviewed SCA's supply chain to identify areas of potential risk, and policies for responsible procurement are being formalised and communication to SCA's suppliers.

## TRADING IN COMPANY SECURITIES

SCA's Securities Trading Policy prohibits directors and certain executives from dealing in SCA's securities during certain "blackout periods" leading up to announcement of SCA's half-year and annual results and SCA's AGM. A blackout period may also be declared where directors and executives are in possession of price-sensitive information that is not generally available (and is not required to be disclosed to ASX under the ASX Listing Rules and the Corporations Act). The Board considers at every meeting whether any of the matters discussed at the meeting are price-sensitive so that a blackout period should be declared.

The Securities Trading Policy also provides a summary of the "insider trading" provisions of the Corporations Act so that all employees are aware of their obligations not to deal in SCA's securities (or the securities of any other entity) while in possession of price-sensitive information that is not generally available.

The Securities Trading Policy provides that directors and executives may not engage in hedging arrangements, deal in derivatives or enter into other arrangements which vary economic risk related to SCA's securities including, for example, dealing in warrants, equity swaps, put and call options, contracts for difference and other contracts intended to secure a profit or avoid a loss based on fluctuations in the price of SCA's securities.

## EXTERNAL COMMUNICATIONS

SCA's External Communications Policy outlines how SCA manages external communications, including to ensure compliance with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act and to appropriately manage communications with the investment community, media, media regulatory agencies, industry bodies and shareholders. This policy was updated in February 2019.

Communications with shareholders occur through ASX announcements, the annual report and half-yearly update, investor roadshows and briefings. All information disclosed to the ASX is posted on SCA's website. Investors are encouraged to attend the AGM, which will be held in October 2019. For formal meetings, an explanatory memorandum on the resolutions is included with the notice of meeting. If investors cannot attend formal meetings, they are able to lodge proxy forms by post or fax or to complete an online proxy form.

SCA gives its shareholders the option to receive communications from, and send communications to, SCA and its securities registry electronically.

# SUSTAINABILITY

SCA aims to have a positive influence on its communities, including our employees and contractors, our audiences, advertising clients, and shareholders, as well as the broader communities in the many metropolitan, regional and rural locations in which we operate.

## **SOCIAL SUSTAINABILITY**

### **OUR CULTURE**

SCA aims to be the place where the best talent, both on and off-air, want to work to deliver great content for our audiences and sustainable financial returns for our clients and shareholders.

We are continuing our work with Human Synergistics on building a high-performance culture where our people can thrive and perform at their best. Organisational Culture Inventory (OCI) surveys in 2016 and 2018 have provided valuable information about the strengths of the organisation and areas where SCA and individual offices or teams fall short of benchmarks for high performing organisations. Recognising that the biggest impact on culture is leadership, we implemented a two-year program designed to further build leadership capability within our business.

We were pleased that there were meaningful improvements in the results of the two OCI surveys, with the organisation maintaining above global average constructive styles and reduced defensive styles in the 2018 survey. Also in 2016 and 2018, the top 45 leaders along with another 25 managers obtained 360-degree feedback through a Life Styles inventory (LSI). Between the two LSI surveys, these leaders were supported by a structured coaching program aimed at increasing constructive leadership styles and reducing ineffective styles. To further support our work in building leadership capability, our leadership behaviours framework was designed to support delivery of our business strategy through constructive style leadership.

The LSI feedback for our top 45 leaders showed strong improvement over the two years, with most leaders demonstrating higher levels of constructive leadership styles and markedly reduced defensive styles.

SCA's leadership development focus in the 2019 financial year was on the specific skills SCA requires of leaders now and in the future. In partnership with the Australian School of Applied Management, SCA provided its leaders with executive level training on leading in times of change, executing strategy, inspiring trust and coaching for high performance.

Structured learning and development programs, and access to an internal mentoring program, are also provided to middle managers and other emerging talent within SCA. Nine of SCA's female leaders have been offered placement in a seven-month Women in Leadership program conducted by the Australian School of Applied Management.

### **OUR VALUES**

We have five values that represent the expectations SCA and its people have for themselves and each other, and which guide day-to-day decisions and the way employees behave:

- We **COLLABORATE**: We work as a team. Together, we deliver our best.
- Take **INITIATIVE**: Each of us is responsible for exceeding expectations. We go the extra mile.
- Maximise **CREATIVITY**: We lead with fresh thinking. We create winning ideas.
- Have **COURAGE**: We always show strength and spirit. We stand up for our beliefs and each other.
- Act with **INTEGRITY**: We do what's right and act with transparency and honesty. We deliver on our promises.



## DIVERSITY AND INCLUSION

SCA believes that business performance is enhanced by a diverse workforce where all employees are treated with respect and fairness and have equal access to opportunities. We aim to create a living, creative organisation that understands the diversity of our audiences and advertisers.

Supporting this belief, the Board has adopted a Diversity Policy and receives regular reports from management about diversity and inclusion initiatives. One of the Board's non-executive directors, Glen Boreham, is a founding member of Male Champions of Change (<http://malechampionsofchange.com>) and has led diversity workshops for SCA's leadership team.

The table below sets out the gender composition of SCA's Board and workforce, along with the targets set by the Board.

### GENDER COMPOSITION WITHIN SCA AS AT 30 JUNE 2019

Category	Actual females at 30 June 2018	Actual females at 30 June 2019	Board target for females by 30 June 2020
Board (non-executive)	33%	33%	40%
Board (all)	28%	28%	40%
Senior management roles	25%	30%	40%
Middle management roles	43%	51%	50%
Workforce	49%	53%	50%

*Senior management is defined as being part of the National Executive Team, comprising 40 employees at 30 June 2018 and 42 employees at 30 June 2019. Middle management roles refer to all other roles that have "manager" in their title.*

Initiatives undertaken or under way to achieve the targets set for 2020 include:

- increasing the number of Women Leadership Australia scholarships offered to high potential women
- developing a program for mentoring program for women in leadership
- promoting the availability of formal and informal flexible working arrangements for all employees
- updating our gender pay analysis to identify and address any gender pay gaps
- implementing development and retention plans for women identified in succession planning
- attracting female applicants through targeted advertising and executive search
- rolling out a keeping in touch program for women on parental leave
- training all managers on diversity and inclusion.

From 1 July 2016, SCA introduced paid parental leave for all permanent full-time and part-time employees with at least one year's service. Employees with one to three years' service are entitled to four weeks paid leave

and employees with more than three years' service are entitled to six weeks paid leave. These entitlements are in addition to employees' entitlements under the government paid parental leave scheme.

SCA continues to actively promote women returning to the workforce following parental leave. About 90% of all women return to work after parental leave, many on formal or informal flexible working arrangements. Fifteen percent of the total female workforce are currently on flexible working arrangements, enabling them to successfully manage their career and family life through a practical work-life balance. There are also many females and males on informal flexible working arrangements including working from home, job sharing, late start and early finish working hours and time off for school and other events.

In accordance with the requirements of the Workplace Gender Equality Act 2012 SCA lodged its annual 2019 compliance report with the Workplace Gender Equality Agency. A copy of the report is available on SCA's website under the Investors tab.

## WORKPLACE HEALTH, SAFETY AND WELLBEING

SCA manages a range of workplace health and safety risks, including in relation to its employees and contractors travelling in remote areas and working in remote areas and at heights on high voltage transmission equipment and other electrical equipment, managing asbestos in old office buildings and equipment shelters in regional areas, managing security arrangements for high profile performers and on-air announcers, and conducting “stunts” for on-air radio content. SCA also acknowledges that the Information, Media and Telecommunications industry group has one of the highest rates of employees who experience some form of mental illness during their lifetime. Initiatives to promote the health and wellbeing of our people include:

- training for managers on managing mental health in the workplace
- provision of an employee assistance program and counselling services
- maintenance of a wellbeing portal on the company intranet
- partnering with Beyond Blue to provide talks about mental health to our people.

SCA has recorded the following lost hours due to workplace injuries in the past four years

Year ended 30 June	2016	2017	2018	2019
<b>Total hours lost due to workplace injury (percentage of total hours worked)</b>	0.03%	0.07%	0.016%	0.021%

SCA manages workplace health and safety risks in an active way. Local managers monitor and manage risks at their workplaces, ensuring that risks are identified, assessed and managed proactively and not only in response to an incident. Training has been provided to managers to help them to identify and mitigate risks associated with mental health, which is an area of ongoing significance in media businesses. Following an external legal review of our workplace health and safety policies and procedures during the 2018 financial year, we are planning an audit of those policies and procedures against Australian Standard AS4801 later in 2019.

The Board receives regular reports on SCA's management of workplace health and safety risks, as well as briefings on the responsibility of directors and officers in relation to these matters.

In addition to ensuring a safe workplace through workplace health and safety processes, SCA encourages employees to raise any concerns regarding their wellbeing with management or the People and Culture team. Any concerns, whether raised formally or informally, are taken seriously and addressed in a timely manner. SCA's Employee Assistance Program provides free counselling sessions for employees, who have access to this service 24/7. Managers receive annual training on managing mental health at work and the people and culture team advise managers and other employees on how to support colleagues with mental health conditions.

## CONNECTING AND SUPPORTING COMMUNITIES

As a local media organisation, SCA is part of the fabric of regional and rural communities. SCA's local news services on radio and television keep communities up to date on the issues that matter to them, as well as providing local skilled jobs, promoting local events, supporting local businesses, providing local advertising opportunities and supporting local charities and community initiatives. In conjunction with the Nine Network, SCA broadcasts local television news bulletins in regional Victoria, southern New South Wales and regional Queensland.

SCA is a proactive contributor to the community. This is primarily through the annual Give Me 5 for Kids campaign, which raises funds for children's hospitals and children's wards in regional Australia. For the sixth year in a row, this campaign raised over \$2 million. Supported by the volunteer spirit of our workforce, SCA ensures that all funds raised are donated to local health services.

On 1 January 2019, SCA began new two-year partnerships with The Smith Family and Beyond Blue. These organisations have causes aligned with the values and demographic profile of our brands, audience and employees. SCA will contribute its significant media assets and volunteer workforce to help these organisations to grow and develop their charitable activities.

Through a partnership with Habitat for Humanity, SCA offers four employees each year the opportunity to participate in Rock the House, in which they help to construct housing for disadvantaged people in impoverished overseas communities. In 2019, our people travelled to Siem Reap, Cambodia.

## **RESPONSIBLE BROADCASTING**

SCA adheres to applicable laws, as well as codes of practice, relating to broadcasting of commercial television and radio programs to ensure broadcast material takes account of prevailing community standards while promoting responsible freedom of speech. SCA provides training to on-air, production and other staff regarding its broadcasting responsibilities and has established comprehensive internal procedures to ensure that complaints about broadcast material are properly investigated and responded to and, where necessary, to ensure that corrective action is taken.

## **ENVIRONMENTAL SUSTAINABILITY**

SCA does not have any material environmental risks and is not required to report under the National Greenhouse and Energy Reporting Act. During the 2019 financial year, SCA did not receive notice of any environmental breaches, improvement notices, fines or non-compliance notices from any regulatory bodies. There were no environmental accidents because of SCA's business operations.

An important benefit expected to be realised from the recent decision to outsource SCA's broadcast transmission services to Broadcast Australia is a reduction in power usage. As a specialised service provider, Broadcast Australia is expected over time to improve the maintenance and performance of SCA's transmission assets through replacement of end-of-life transmission equipment with more energy efficient units.

Energy efficiency continues to be an important factor in selection of equipment and systems to be installed in new or refurbished offices. In the financial year just completed, SCA relocated its Brisbane and Toowoomba premises, and refurbished others.

SCA also encourages local offices to pursue environmental initiatives. An example is the Green Scheme introduced during the year in SCA's Melbourne office. Under the scheme, separate bins are provided for paper, food, co-mingled recycling and soft plastic and arrangements have been implemented with suppliers to re-use, recycle or ethically dispose of each category of waste. As a result, over 8,000kgs of waste have been diverted from landfill.

SCA has offices and operations in locations that are subject to significant weather events, including storms, flooding and bushfires. The Group has detailed and well-rehearsed plans to respond to and recover from events of this nature. In addition, SCA collaborates with emergency and essential services organisations and maintains procedures to broadcast warnings and information from emergency and essential services organisations where there is an existing or threatened emergency. Radio is a key source of information for communities affected by emergency events, particularly if power and telecommunications infrastructure are affected by an emergency event.