

Corporate Governance Statement 2022



Corporate Governance Statement

1. Introduction

This Corporate Governance Statement (the **Statement**) outlines the governance framework and key governance practices and policies of The Lottery Corporation Limited ACN 081 925 706 (**The Lottery Corporation**, or the **Company**) and its subsidiaries (the **Group**) for the limited period 24 May 2022 (being the date the Company was listed on ASX) to 30 June 2022.

The Lottery Corporation complied with the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles and Recommendations**) throughout the reporting period except in relation to Recommendation 1.5 (diversity objectives), Recommendation 3.1 (articulation of values) and Recommendation 7.2(a) (annual review of risk management framework). Where the Company has not complied with a recommendation, it has explained why it has not complied. In the instances where the Company has not complied with a recommendation, this is because the Company was newly listed on 24 May 2022, and it was not practicable for the Board to implement the recommendation in the short period between 24 May 2022 to 30 June 2022.

This Corporate Governance Statement and the Appendix 4G (which has been released on ASX's Market Announcements Platform) discloses the details of the Group's compliance with the ASX Principles and Recommendations, and where other relevant disclosures are located.

The Lottery Corporation is committed to high standards of corporate governance and the Board believes this underpins strong business performance. The Company is a newly listed entity on the ASX and intends to continually review and refine its corporate governance practices and policies to help ensure they remain aligned with developments in good corporate governance approaches, its strategic priorities and shareholders' expectations.



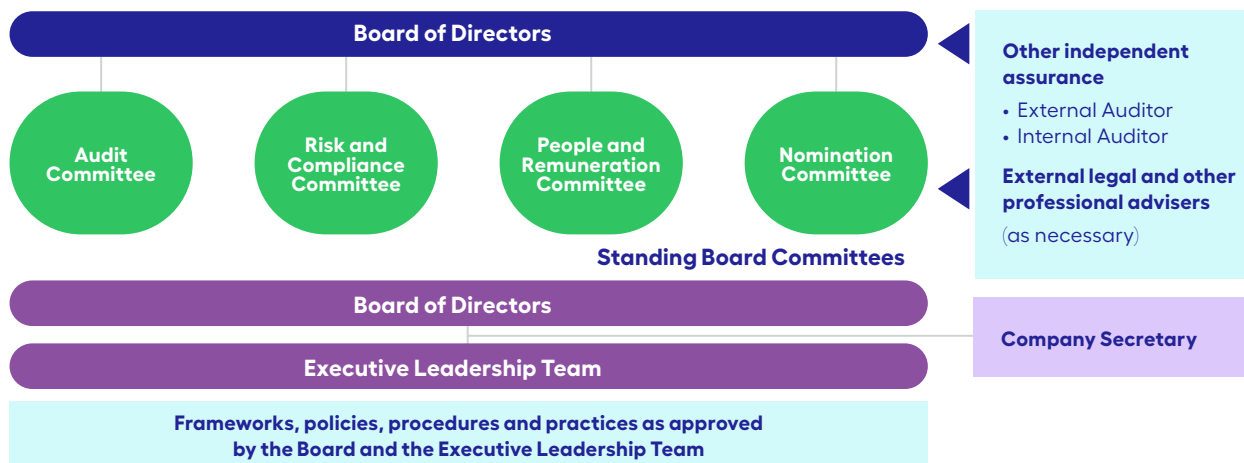
More information on The Lottery Corporation's corporate governance practices and policies is available on its website at: www.thelotterycorporation.com/about/corporate-governance

Key Corporate Governance Activities in 2022 (24 May – 30 June 2022)

The Lottery Corporation's demerger from Tabcorp was successfully completed in June 2022. Detailed strategic planning and highly focussed project management over many months was required to achieve this milestone including from a governance perspective. Governance activities undertaken by The Lottery Corporation in 2022 included (among others):

- adoption of a new constitution for the Company
- establishing a new Board of directors of the Company
- identifying and appointing 3 observers to the Board who will be appointed as non-executive directors following receipt of all necessary regulatory approvals
- appointing The Lottery Corporation's CEO and Executive Leadership Team (**ELT**)
- establishing 4 Board Committees (refer below) and appointing members to these Committees
- adoption of key corporate governance policies
- preparation for and achieving listing on ASX (effective 24 May 2022).

1.1 An overview of The Lottery Corporation's corporate governance framework



1.2 Regulatory Framework

The Lottery Corporation is Australia's leading lottery and Keno operator with a portfolio of high-profile brands and games. The games are provided under exclusive and/or long dated licences to operate in all Australian States and Territories (excluding Western Australia). Its gaming operations are overseen and regulated by State-based gaming regulators.

As a publicly listed entity, The Lottery Corporation is also regulated by ASIC and compliance with the Listing Rules is overseen by ASX.

2. Board and Management Roles and Responsibilities

2.1 Board role and responsibilities

The Board has adopted a charter which sets out its role, responsibilities, structure and operation as well as the allocation of responsibilities between the Board and management.

The role of the Board is to:

- provide leadership for the Company
- represent and serve the interests of shareholders (by overseeing and appraising the Company's strategy, policies and performance)
- protect and optimise Company performance
- set, review and monitor compliance with the Company's values and governance framework and
- ensure shareholders are kept informed of the Company's performance.

The main responsibilities of the Board include:

- selecting and appointing the CEO, and evaluating their performance (from time-to-time)
- contributing to and approving management development of corporate strategy
- approving major capital expenditure, acquisitions and divestitures
- monitoring corporate performance and the implementation of strategic goals and objectives
- acting to protect and enhance the Company's reputation
- reviewing and monitoring systems and frameworks for risk management (for both financial and non-financial risks), and internal controls. This includes setting the risk appetite for the Company
- overseeing the Company's values and corporate governance policies
- overseeing that the remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite and
- approving (and monitoring progress against) objectives for achieving gender diversity in the composition of the Board and workforce generally.

The Board has established 4 Board Committees to assist in the discharge of its responsibilities. Information about the Committees including their roles, responsibilities and composition is set out below.



The Company's Board Charter and Constitution is available on the Company's website at: www.thelotterycorporation.com/about/corporate-governance

2.2 Management's role and responsibilities

While the Board maintains ultimate responsibility for the strategy and performance of the Group, the day-to-day operation of the Company is conducted by (or under the supervision of) the Managing Director and CEO (**MD & CEO**). The MD & CEO:

- is responsible for implementing the strategic objectives, plans, financial performance and budgets approved by the Board and
- is accountable to the Board for matters within her delegated authority and for complying with the limits on that authority.

The MD & CEO delegates authority to the ELT and other members of senior management as necessary to enable them to perform their responsibilities. The qualifications, skills and experience of ELT members are set out on pages 36 to 39 of the Annual Report 2022.

Management provides the Board with information in a form and to a level of quality to enable the Board to discharge its duties effectively. Such reporting includes matters in relation to financial and operation performance, strategy, risk management and compliance with material legal and regulatory requirements.

Members of the ELT have responsibility for supporting one or more Board Committees and meet with Directors outside of scheduled Board and Committee meetings (including regular contact between the Chairman and the MD & CEO) to assist the Board in discharging its responsibilities and to foster a strong working relationship between the Board and management.



Biographies of ELT members are available on the Company's website at:
www.thelotterycorporation.com/about/our-executives

3. Board Structure and Composition

3.1 Board structure

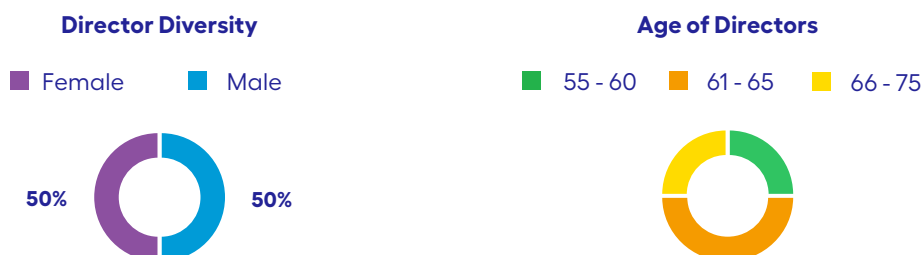
Currently, The Lottery Corporation Board comprises 3 independent Non-executive Directors and the MD & CEO. Each of the Directors were appointed effective 20 May 2022, prior to the Company's listing on ASX on 24 May 2022 and its demerger from Tabcorp (effective 1 June 2022).

In addition, there are 3 Observers to the Board. These Observers will be appointed as Non-executive Directors following receipt of all necessary regulatory and ministerial approvals.

The Chairman is an independent Non-executive Director and the roles of the Chairman and the MD & CEO are performed by separate individuals.

The Board determines its size and composition, subject to the Company's constitution and applicable laws. The Company's constitution states that there must be no less than 3 and no more than 10 directors.

The Board's membership is structured so that it provides a mix of skills, expertise and experience from a diverse range of backgrounds to enable it to discharge its responsibilities, and so that its size facilitates effective discussion and decision making. Each Director's and Observer's, skills, qualifications, experience and relevant expertise are set out in the Annual Report 2022 on pages 52 to 55.



Director and Observer biographies are available on the Company's website at:
www.thelotterycorporation.com/about/our-board

3.2 Director independence, ethics and conflicts of interest

The Board Charter requires that the Board comprise a majority of independent Directors and sets out the criteria for assessing Director independence.

The Board considers a Director to be independent where they are free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, their capacity to bring an independent judgement to bear on issues, and to act in the best interests of The Lottery Corporation as a whole rather than in the interests of an individual shareholder or other party.

The Board will regularly assess the independence of its Directors against guidelines in the Board Charter.

Under the Board Charter, Directors are required to act at all times with honesty and integrity, observe high standards of ethical behaviour and act in accordance with statutory obligations and the Company's Code of Conduct and applicable policies and procedures.

All Directors are required to take all reasonable steps to avoid actual, potential or perceived conflicts of interests. Directors are required to disclose any conflicts of interest and adhere to constraints on their participation in discussion or voting on matters in which they have a material personal interest in accordance with applicable laws. A register of Directors' material personal interests is maintained and is regularly sent to every Director.

Where a Director discloses any actual or potential conflict or a material personal interest:

- a determination as to whether or not a conflict exists will be made; and
- an appropriate course of action will be set based on the determination made. Such action may require the interested Director to not receive relevant papers and absent themselves from discussion and voting on the matter.

The Lottery Corporation Board considers that each of its Non-executive Directors are independent.



The Board Charter includes guidelines against which the independent status of a Non-executive Director is assessed. A copy of the charter is available at www.thelotterycorporation.com/about/corporate-governance

Director and Observer biographies are available at pages 52 to 55 of the Annual Report 2022 and on the Company's website at: www.thelotterycorporation.com/about/our-board














3.3 Directors' skills and experience

The Board aims to ensure that it comprises Directors with a broad range of skills, expertise and experience from diverse backgrounds.

The below matrix reflects the skills and experience of the Company's Non-executive Directors.

As the Company is newly listed, the Nomination Committee and the Board will review this matrix so that it reflects a mix of skills and experience required to discharge expected future (as well as current) obligations. As part of the review, the Nomination Committee and Board will have regard to the Company's strategic objectives which are being refined.

Technical Skills	Number of Non-executive Directors with developed capability (out of 3)
Leadership Board, CEO and/or senior executive level experience in a major organisation or listed company	
Strategic and commercial acumen Experience in formulating, implementing and/or overseeing strategic business plans and developing new businesses, including start-ups, mergers and acquisitions, and divestments	
Financial acumen/capital management Qualifications and/or experience in accounting and/or finance, including understanding financial statements of organisations of significant size and complexity, assessing financial performance and the adequacy of financial controls, and overseeing capital management and funding arrangements	

Technical Skills	Number of Non-executive Directors with developed capability (out of 3)
<p>Governance Experience in a major organisation or listed company subject to rigorous governance standards, overseeing best practice governance frameworks, related policies and processes</p>	
<p>Legal and regulatory Experience in legal and regulatory matters, including knowledge of the environment applicable to the gaming industry. Experience in overseeing legal and regulatory frameworks, policies and processes (in the gaming industry or otherwise)</p>	
<p>Risk management and compliance Experience in risk management and compliance frameworks and related policies and processes, setting risk appetites, identifying and providing oversight of material business risks</p>	
<p>People Experience with people matters, including assessing executive and employee performance, talent development, employee engagement, strategic workforce planning and leading organisational change, and workplace health and safety</p>	
<p>Organisational culture Experience in organisational culture and change, including formulating and overseeing organisation-wide values and policies to protect and enhance reputation, build trust and confidence in an organisation and setting the “tone at the top”</p>	
<p>Remuneration Experience in a Board Remuneration Committee (or similar) or at a senior executive level in relation to remuneration practices, including scorecard target setting, incentive plans, and legislative/contractual frameworks for remuneration</p>	
<p>Government/stakeholder relations and public policy Experience in public and regulatory policy matters and stakeholder engagement, including with government, regulators and industry groups</p>	
Experience	
<p>Gaming industry experience Experience at Board or senior executive level at a domestic or international gaming business or entertainment business</p>	
<p>Experience in other relevant industries Relevant experience at Board or senior executive level at a major organisation in other industries operating in similarly complex and highly regulated environments</p>	
<p>International experience Experience in international markets, exposed to a range of political, cultural, regulatory and business environments</p>	
<p>Information technology Knowledge and experience in the use and governance of critical information technology infrastructure and applications, and information security</p>	
<p>Digital innovation Experience in leveraging digital technology to drive competitive strategies, innovation, revenue growth and business performance</p>	
<p>Retailing, marketing and customer experience Experience at a significant retail business, including multi-channel distribution, development of winning products, customer experience, service and management strategies, and marketing to retail and online consumers</p>	

3.4 Other directorships

Directors are required to continually evaluate the number of Boards on which they serve to ensure that they can give the time and attention required to fulfil their duties and responsibilities as a member of the Board of The Lottery Corporation.

The Board has adopted a policy which relates to the number of other directorships of ASX listed entities that a director may hold.

Directors must seek approval from the Chairman prior to accepting an invitation to become a Director of any other corporation and, in the case of the Chairman, seek approval from the Chair of the Audit Committee.

Details of the directorships of other publicly listed companies for each Director are available in the Annual Report 2022 on pages 52 to 53.

3.5 Director appointments

The Board, with the assistance of the Nomination Committee, appoints new Directors (as appropriate), and will oversee succession planning for Board membership.

The Nomination Committee is responsible for reviewing and making recommendations to the Board with respect to Board succession matters, including the process for identifying suitable candidates, and the nomination, selection and appointment of non-executive directors. The Nomination Committee is also responsible for reviewing and making recommendations to the Board regarding the retirement by rotation and re-appointment of non-executive directors at the Annual General Meeting (**AGM**).

Appropriate recruitment and pre-appointment screening processes are carried out prior to the appointment of a Director to The Lottery Corporation, including checks as to character, experience, education, bankruptcy history and police records. Prospective new Directors are required to provide details of their other commitments and an indication of time involved, and specifically acknowledge that they will have sufficient time to fulfill their responsibilities as a Director. They are also required to submit extensive personal information as part of probity investigations and clearances required by applicable gaming regulators and certain government ministers prior to appointment as a Director.

Every new Director receives a formal letter of appointment that sets out key terms and conditions of their appointment, including the Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement in Board Committees. The letter of appointment is with the Directors personally.

The appointment of any new Director is subject to regulatory and certain ministerial approvals. While these approvals are being sought, the person may attend Board and Committee meetings as an Observer however, they may not vote on any matter. There are currently 3 Observers to the Board. The qualifications and experience of the Observers is set out in the Annual Report 2022 on pages 54 to 55.

Non-executive Directors appointed by the Board must stand for election at the AGM immediately following their appointment. The Lottery Corporation will provide shareholders with information in its possession that is relevant to a decision on whether to elect or a Director.

3.6 Directors' induction, continuing education and independent advice

The Lottery Corporation's current Non-Executive Directors were directors of Tabcorp prior to the demerger and, as such, are familiar with The Lottery Corporation's business segments.

The Company has developed an induction program for the benefit of new Directors to be appointed to the Board. The program will assist them to participate fully and actively in all Board and Committee decision-making at the earliest opportunity.

Observers are provided with access to relevant information and attend briefings with management to enable them to gain an understanding of the Group's businesses, operations, strategy, values, key governance and compliance policies, and key issues.

Directors are expected to maintain the knowledge and skills required to discharge their duties and responsibilities effectively and respond to new and emerging business and governance issues. The Company assists keeping Directors up-to-date with market and industry developments through regular briefings at Board and Committee meetings and Board workshops. At Board meetings, the Board is also briefed on material developments in relevant laws, regulations and accounting standards.

The Nomination Committee is responsible for ensuring that appropriate processes are in place to support Director induction and reviewing their effectiveness. The Committee is also responsible for ensuring that appropriate processes are in place to support Directors' professional development to maintain the skills and knowledge required to perform their role effectively.

Under the Board and Committee Charters, the Board, Committee or individual Directors, as the case may be, have the right to seek independent professional advice paid by The Lottery Corporation.

3.7 Performance assessment

The Board will conduct a review of its performance and of individual Directors annually. Outcomes from these assessments will be used to enhance the effectiveness of the Board and individual Director contributions, and improve Board processes, practices and governance arrangements.

Where appropriate, external advisors may be engaged to facilitate performance assessments.

Feedback from the assessment process will be discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its Committees, or specific Directors. In the case of the Chairman's performance, feedback may be collected by the Chair of the Audit Committee or an external facilitator.

During the reporting period, an assessment was not undertaken of the performance and effectiveness of the Board, and each current Director. This is because of the short duration of the reporting period (24 May 2022 to 30 June 2022). The Board intends to conduct a review of its performance and of individual Directors in FY23.

3.8 Board and Committee meetings

The Board and its Committees meet regularly to discuss matters relevant to the Group's operations and performance, with additional meetings held as and when required. Ad-hoc Board Committees may also be established from time to time for special purposes.

Directors are required to attend all Board meetings, shareholder meetings and Board Committee meetings of which they are members, subject to any unusual or unforeseen circumstances which may prevent them from attending. All Directors and Observers may attend Committee meetings.

The number of Board and Committee meetings in the reporting period and the attendance of each Director at these meetings are set out in the Annual Report 2022 on page 58.

3.9 Company Secretary

The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board and overall corporate governance of the Company.

The Company Secretary advises the Board on governance matters, monitors compliance with Board and Committee policies and procedures, oversees the timely completion and despatch of agendas and meeting materials and ensures that the business at Board and Committee meetings is accurately captured in the minutes.

The Company Secretary is also the Chief Legal and Risk Officer (**CLRO**) and the day-to-day functioning of the Company Secretariat is managed by the General Manager, Company Secretariat who reports to the CLRO.

All Directors have direct access to the Company Secretary and the General Manager, Company Secretariat and their team.

4. Board Committees

4.1 Committee structure

To assist the Board in discharging its responsibilities, the Board has established the following Board Committees:

- Audit Committee (refer section 4.2);
- Risk and Compliance Committee (refer section 4.3);
- People and Remuneration Committee (refer section 4.4); and
- Nomination Committee (refer section 4.5).

Each Board Committee operates under a charter approved by the Board, which sets out the authority, membership and responsibilities of the Committee.

As at 30 June 2022, all 3 Non-executive Directors are members of each Board Committee. The composition of Board Committees will be reviewed following the appointment of additional Non-executive Directors to the Board. The MD & CEO is not a member of any Board Committee, however, she attends Committee meetings.

Observers are invited to attend Committee meetings pending their formal appointment as a Non-executive Director. It is expected that once appointed as Directors, the existing Observers will join one or more Committees.

In general, the role of each Committee is to advise and make recommendations to the Board. The Committees do not have decision making authority except as expressly stated in the relevant charter or as authorised by the Board.

The Chairman of the Board is the Chair of the Risk and Compliance Committee until such time as Dr Doug McTaggart is appointed as a Non-executive Director, at which point it is currently envisaged that Dr McTaggart will assume the Chair of that Committee.

4.2 Audit Committee

The Audit Committee's purpose is to assist the Board to fulfil its duties and responsibilities in overseeing activities relating to:

- the preparation of the financial statements and associated external reports
- oversight of financial systems and related controls
- The Lottery Corporation's relationship with the external auditor and the external audit function generally, as well as its independence, objectivity and performance
- The Lottery Corporation's relationship with the internal auditor and the internal audit function generally and
- oversight and monitoring of the Whistleblower Policy and Framework.

The Audit Committee's primary roles and responsibilities are to review, report to and, where appropriate, make recommendations to, The Lottery Corporation Board in relation to:

- reporting of financial information
- the appropriate application and any amendments to accounting policies
- the appointment, independence and remuneration fees of the external auditor and
- The Lottery Corporation's internal audit function.

Additional detail relating to The Lottery Corporation's approach to safeguarding the integrity of corporate reports is set out in section 5.6 of this Statement.

The Board appoints the members of the Audit Committee. The Audit Committee must comprise at least 3 members all of whom are Non-executive Directors, and a majority of whom must be independent. The Chairman of the Committee must be an independent Non-executive Director who is not the Chairman of The Lottery Corporation Board and is skilled in, and has significant experience in accounting and auditing.

Composition of the Audit Committee

Chair	Anne Brennan
Other members	Steven Gregg Harry Boon



The Audit Committee's Charter is available on the Company's website at:
www.thelotterycorporation.com/about/corporate-governance

4.3 Risk and Compliance Committee

The Risk and Compliance Committee's purpose is to assist the Board in fulfilling its responsibilities in overseeing activities relating to the Company's identification, assessment, management and reporting of risk (for both financial and non-financial risks) and adherence with compliance obligations.

The Risk and Compliance Committee's primary roles and responsibilities are to review, report to and, where appropriate, make recommendations to, the Board in relation to:

- the Company's risk appetite
- the adequacy and effectiveness of the risk management framework (for both financial and non-financial risks) and supporting policies and processes to identify and manage risks
- the adequacy and effectiveness of the compliance management framework and supporting policies and processes to ensure compliance with legal and regulatory obligations.

Additional detail related to the Group's approach to risk management is set out in sections 5.1 and 5.2 and section 6.11 of this Statement.

The Board appoints the members of the Risk and Compliance Committee. The Risk and Compliance Committee must comprise at least 3 members all of whom are Non-executive Directors, and a majority of whom must be independent. The Chairman of the Committee must be an independent Non-executive Director.

Steven Gregg is the interim Chairman of the Risk and Compliance Committee until Doug McTaggart is appointed as a Non-executive Director, at which point it is envisaged that Dr McTaggart will assume the Chair of the Committee.

Composition of the Risk and Compliance Committee

Chairman	Steven Gregg (Interim)
Other members	Harry Boon Anne Brennan



The Risk and Compliance Committee's Charter is available on the Company's website at: www.thelotterycorporation.com/about/corporate-governance

4.4 People and Remuneration Committee

The People and Remuneration Committee's purpose is to assist the Board to fulfil its duties and responsibilities relating to:

- the remuneration of the Chairman and other Non-executive Directors;
- the performance and remuneration of, and incentives for, the MD & CEO and ELT members;
- the Company's remuneration framework and policies, superannuation arrangements, employee share ownership schemes and performance incentive schemes
- the Company's people strategies and policies, including talent retention, inclusion and diversity, culture and engagement and
- the Company's health, safety and wellbeing strategy and performance.

The Board appoints the members of the People and Remuneration Committee. The Committee must comprise at least 3 members all of whom are Non-executive Directors, and a majority of whom must be independent. The Chairman of the Committee must be an independent Non-executive Director.

Composition of the People and Remuneration Committee

Chairman	Harry Boon
Other members	Steven Gregg Anne Brennan



The People and Remuneration Committee's Charter is available on the Company's website at: www.thelotterycorporation.com/about/corporate-governance

4.5 Nomination Committee

The Nomination Committee's purpose is to assist the Board in fulfilling its responsibilities in relation to the size and composition of The Lottery Corporation Board, reviewing Board performance and succession planning.

The Board appoints the members of the Nomination Committee. The Nomination Committee must comprise at least 3 members all of whom are Non-executive Directors, and a majority of whom must be independent. The Chair of the Committee must be an independent Non-executive Director.

Composition of the Nomination Committee

Chairman	Steven Gregg
Other members	Harry Boon
	Anne Brennan



The Nomination Committee's Charter is available on the Company's website at: www.thelotterycorporation.com/about/corporate-governance

5. Risk Management

5.1 Risk Management Framework

The Lottery Corporation has adopted a framework to support effective identification, monitoring, management, reporting and oversight of risks across the Group and is based on concepts and principles identified in the Australian/New Zealand Standard on Risk Management (AS/NZS ISO 31000:2018).

The Board (on recommendation from the Risk and Compliance Committee) is required to review the framework at least annually to satisfy itself that the framework continues to be sound and is operating effectively.

The Committee noted the risk management framework in June 2022. It subsequently reviewed and approved the Group's risk assessment methodology, its key risks and the risk appetite statements in respect of the Group's key risks. The review of the effectiveness of the framework is scheduled to occur in the later part of 2023.



Additional information on key business risks is set out in the Operating and Financial Review on pages 32 to 33 of the Annual Report 2022 available on the Company's website at: www.thelotterycorporation.com/investors/annual-reports.

5.2 Governance and oversight of risk

The Board is responsible for reviewing and monitoring systems and frameworks for risk management (for both financial and non-financial risks), internal control and legal compliance. This includes setting the risk appetite for the Company, reviewing procedures to identify the main risks associated with the Company's business and the implementation of appropriate systems to monitor, manage effectively and report on these risks.

The Risk and Compliance Committee assists the Board in overseeing risk and compliance management. The role and responsibilities of the Committee are set out in section 4.3 above.

The CLRO leads the Group's risk, legal, regulatory and governance functions. Given the nature of Company's business, the high level of regulation and cross functional dependency of the 4 functions, they sit within the CLRO team but have dedicated functional leadership and teams to support them. The CLRO is a member of the ELT and reports directly to the MD & CEO.

All employees have a role in managing risk and have defined roles, responsibilities and accountability for the management of risks across the Group in accordance with the "Three Lines" model:

- day-to-day ownership and management of risks and controls is undertaken by business and functional units (**Line 1**) in accordance with the Risk Management Framework and policies
- the CLRO function (**Line 2**) provides insight and oversight to support business and functional units in implementing formal risk management practices, process and controls. The CLRO team as well as other responsible risk owners regularly reports to the Risk and Compliance Committee
- the internal audit function (**Line 3**) assesses and reports on the effectiveness of the Group's risk management and control processes.



The Risk and Compliance Committee's Charter is available on the Company's website at: www.thelotterycorporation.com/about/corporate-governance

5.3 External Auditor

The Company has appointed Ernst & Young as its external auditor. In accordance with the Corporations Act 2001 (Cth) (the **Corporations Act**), shareholders will be asked to vote on the appointment of the auditor at the Company's first AGM in November 2022.

The Lottery Corporation maintains auditor independence and has adopted an External Auditor Independence Policy. The provision of non-audit services must be pre-approved by Chairman of the Audit Committee.

Details of amounts paid to Ernst & Young during the reporting period (including fees for non-audit services) are set out in the Directors' Report in the Annual Report 2022. The Board has considered the auditor's independence and determined that it has not been compromised.

In accordance with the Corporations Act, the auditor has made its annual independence declaration to the Board, declaring that the auditor maintained its independence in accordance with the Corporations Act and the rules of professional accounting bodies. A copy of this declaration forms part of the Directors' Report and appears on page 59 of the Annual Report 2022.

5.4 Management assurance

Prior to approving financial statements, the Board receives a declaration from the MD & CEO and the Chief Financial Officer (**CFO**) which states that in their opinion, the financial records have been properly maintained, and that the financial statements complied with the appropriate accounting standards, and that they gave a true and fair view of the financial position and performance of The Lottery Corporation and of the Group, and that the opinion had been formed on the basis of a sound system of risk management and internal control which is operating effectively.

5.5 Internal Audit function

The internal audit function reviews and reports on internal control systems and procedures. It has adopted a charter which sets out its role and responsibilities.

The General Manager, Internal Audit leads the internal audit function and reports to the Audit Committee through the Audit Committee Chair for functional audit purposes. The Internal Audit function develops a risk-based plan for review and approval by the Audit Committee.

The internal auditor has unrestricted access to all functions' records, property and personnel and is independent of the External Auditor.

5.6 Integrity of disclosures in periodic reports

The Lottery Corporation produces a number of periodic reports, including a preliminary final report, Annual Report and Corporate Governance Statement.

The Group has processes in place to review and confirm the accuracy of the disclosures contained in these reports. Management undertakes a review of the disclosures in these reports, whereby subject matter experts and the relevant executives review and approve the disclosures. A legal and governance review is also conducted of all disclosures. The preliminary final report, Annual Report and Corporate Governance Statement are then presented for review to the relevant Board Committee and also to the Board.

The Directors' Report, including the Operating and Financial Review and Remuneration Report, are audited by the external auditor and the Remuneration Report (which forms part of the Directors' Report) is reviewed by the People and Remuneration Committee prior to approval by the Board.

6. Key Governance Policies and Practices

This section provides a summary of The Lottery Corporation's key corporate governance policies.

A framework is in place for any material breaches of the Code of Conduct, Anti-bribery and Corruption Policy and Whistleblower Policy to be reported to relevant Board Committee and/or Board.

6.1 Code of Conduct

The Lottery Corporation has a Code of Conduct which sets out the standards of behaviour expected of all employees, Directors and contractors.

The Lottery Corporation is committed to being a good corporate citizen that practices high standards of corporate conduct, integrity, ethics and governance in our business practices.

The key principles in the code include acting ethically and lawfully in conducting The Lottery Corporation's business and not giving or receiving inappropriate benefits, treating each other fairly and promoting a safe and inclusive work environment and acting responsibly towards the community and environment in which The Lottery Corporation operates. The code specifies that failing to follow the spirit or the principle of the code is a serious matter and sets out how to report potential breaches of the code and the potential consequences for breach.

As a newly listed entity, The Lottery Corporation has commenced a process to articulate its values. This process is expected to be completed in FY23. Once complete, the Company intends to disclose its values including on its website.

6.2 Whistleblower Policy

Consistent with its commitment to maintaining a culture of integrity, The Lottery Corporation has developed a comprehensive Whistleblower Policy and framework designed to encourage, support and empower eligible whistleblowers to speak up about actual or suspected misconduct or an improper state of affairs or circumstances in relation to The Lottery Corporation.

The Whistleblower Policy and framework is overseen by an internal Whistleblower Committee, consisting of 2 ELT members, which has accountability and a direct reporting line to the Audit Committee.

The Whistleblower Policy is published on the Company's website.

6.3 Anti-Bribery and Anti-Corruption Policy

The Group has an Anti-Bribery and Anti-Corruption Policy which prohibits all forms of bribery, facilitation payments, payment or receipt of secret commissions and fraud. It also sets out the standards required of employees and contractors when dealing with third parties and relating to the offer and acceptance of gifts and hospitality. A Gifts and Hospitality Register is maintained, along with other controls and processes to support the policy. to the Board.

6.4 Market Disclosure Policy, and communications with investors and other stakeholders

The Lottery Corporation is required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. The Lottery Corporation is committed to providing the market with timely, accurate and balanced disclosure in accordance with its obligations under the Corporations Act and the ASX Listing Rules. The Company has a Continuous Disclosure Committee consisting of certain ELT members to monitor and review relevant issues as required.

The Company has adopted a Market Disclosure Policy that establishes procedures aimed at ensuring that it fulfils its obligations in relation to the timely disclosure of material price-sensitive information. The purpose of the policy is to outline how The Lottery Corporation complies with its continuous disclosure obligations.

The Lottery Corporation releases to the ASX all investor and analyst presentation materials and AGM speeches prior to the presentations commencing. All ASX announcements made by the Company are available on the website. The Board promptly receives copies of material ASX announcements by email.

6.5 Securities Trading Policy

The Lottery Corporation has adopted a Securities Trading Policy which supports team members to comply with their obligations under insider trading laws, promote confidence in the integrity of the market for The Lottery Corporation securities and protect The Lottery Corporation's reputation.

In addition to outlining the legal requirements that apply to dealings in The Lottery Corporation securities by all team members, the policy provides that Directors, certain restricted team members (including MD & CEO, ELT members and their direct reports) and their associates must obtain prior approval to trade in The Lottery Corporation securities and are not permitted to trade during specified blackout periods.

Outside specified blackout periods, these restricted persons must receive prior approval for any proposed dealing in The Lottery Corporation securities (including any proposed dealing by one of their associates), and in all instances, buying or selling The Lottery Corporation securities is not permitted at any time by any person who possesses inside information.

The policy prohibits employees participating in any of the Company's employee or executive incentive plans from hedging the value of restricted shares or unvested performance options or rights. The policy also prohibits margin lending arrangements, short selling and engaging in speculative short-term investing in relation to The Lottery Corporation securities.

6.6 Inclusion and Diversity Policy

The Lottery Corporation Board has adopted an Inclusion and Diversity Policy in order to, among other matters, articulate the Company's commitment to creating a culture of inclusion and to promote diversity. The Lottery Corporation's vision for diversity covers all aspects of difference, such as gender, ethnicity, marital or family status, religion, culture, language, sexual orientation, disability and age, as well as differences in background and life experience.

As a newly listed entity, The Lottery Corporation Board is yet to set measurable objectives for achieving gender diversity in the composition of its Board, senior executives and workforce generally.

The Lottery Corporation Board intends to set diversity-related measurable objectives for the Group in FY23 and include in its next Annual Report a summary of the Company's progress towards achieving the measurable objectives.

Gender diversity statistics as at 30 June 2022

Position	Percentage female
Directors	50%
Senior Executive ¹	38%
Workforce	51%

¹ Senior Executive being members of the ELT. (being CEO and CEO-1).

6.7 Executive Shareholding Policy

The Lottery Corporation Board has adopted an Executive Shareholding Policy applicable to ELT members to ensure that the interests of executives, The Lottery Corporation and shareholders are aligned.

Under the Policy, the MD & CEO is required to hold the equivalent of 200% of the value of her annual fixed remuneration in The Lottery Corporation Shares. Other members of the ELT are required to hold the equivalent of 100% of the value of their annual fixed remuneration. The minimum shareholding must be achieved within 5 years from the implementation date of the demerger or their appointment, whichever is later.

6.8 Non-executive Director Shareholding Policy

Non-executive Directors are required to hold a minimum shareholding in The Lottery Corporation approximately equivalent to the annual Non-executive Director base fee, or two times the annual Non-executive Director base fee in the case of the Chairman of the Board.

Each Non-executive Director is encouraged to begin acquiring the shareholding within 12 months of their appointment and is required to reach the applicable threshold within three years from their appointment or by 1 June 2025 (whichever is later).



The key policies are available on the Company's website at:
www.thelotterycorporation.com/about/corporate-governance

6.9 Executive appointment, induction, performance assessment and succession

The Lottery Corporation has a structured recruitment process for team members. Certain ELT members and other team members are required to undergo probity investigation and receive approval from applicable gambling regulators and/or government ministers. As part of this process, they must undergo pre-appointment screening, which includes (as relevant) the provision of extensive personal information and checks as to character, experience, education, bankruptcy history and criminal records. ELT members will be required to complete an annual questionnaire confirming, among other matters, they continue to be a suitable person to be associated with the conduct of activities performed by the Group under its respective licences.

Team members have agreed position descriptions that set out their duties, responsibilities, objectives and key performance indicators. Letters of appointment or employment contracts set out other key terms of employment, including term of office, rights, responsibilities and entitlements on termination of employment. The written agreements are with the senior executives personally.

The Company has a process for evaluating the performance of its senior executives during each reporting period. The process includes an assessment against a balanced scorecard setting out specific targets spanning financial, strategic, customer, organisation and people dimensions that are aligned to, and support, the Group's annual objectives and the Company's values. A performance evaluation was conducted in respect of FY22. Further details about this process and the outcomes of the process are set out in the Remuneration Report on pages 61 to 92 of the Annual Report 2022.

6.10 Engaging with Shareholders

The Lottery Corporation's Shareholder Communications Policy sets out the procedures and guidelines for keeping shareholders, as well as other stakeholders, informed about the Company. The Lottery Corporation is committed to communicating openly and in a timely manner with shareholders through the corporate website, Annual Report, dividend mailings, email broadcasts, the ASX and other means as appropriate.

The Lottery Corporation's corporate website provides a wide range of information about the Company, including about its governance, and its market and media releases. Financial results announcements and the AGM, are webcast live and archived on the website for at least 12 months.

The Company and its share registry, Link Market Services Limited, provide a service for shareholders to receive all shareholder related communications electronically, including dividend statements, notices of meeting and annual reports. This email service is a secure and efficient means for receiving this information while being environmentally friendly.

Shareholders can contact, Link Market Services Limited or The Lottery Corporation directly via email, phone or mail. Contact details are available on the last page of the Annual Report 2022 or from the Contact Us section of the website.

2022 Annual General Meeting

The Lottery Corporation encourages its shareholders to participate at its AGM. In 2022, the AGM will be held in a hybrid format. Details about how shareholders can participate are set out in the Notice of Annual General Meeting.

All resolutions which are voted on at the AGM will be decided by poll.

Subject to law, The Lottery Corporation has an investor relations program that includes briefings, presentations, meetings and other events as considered appropriate. These are designed to provide shareholders and financial market participants with opportunities to gain a greater understanding of the business, financial position, financial and operational performance and governance of The Lottery Corporation. It also facilitates an effective two-way communication between the Company and its shareholders and stakeholders.

The Board and senior management are regularly updated regarding the progress with the investor relations program and are informed of any significant comments or concerns raised by shareholders, organisations that represent investors and shareholders and proxy advisor groups.



The Shareholder Communications Policy is available on the Company's website at: www.thelotterycorporation.com/about/corporate-governance

6.11 Environmental and Social Risk Factors

At The Lottery Corporation we have a proud history of making positive contributions to:

- our customers (delivering winning moments and offering life changing prizes)
- our communities (through the generation of significant taxes paid to State governments)
- our retail partners (to whom we pay commissions, including newsagencies, licensed venues and other retail partners).

The Company knows it has a responsibility to drive positive and sustainable change for its people, communities, environment, and products – and, as a newly listed entity, the Company has commenced a process to develop its sustainability strategy.

It is anticipated that the strategy will be published on the corporate website later in FY23.

An overview of the Company's social and environmental risks and how those risks are managed is set out below.

An overview of the Company's material business risks and how these are managed is set out in the Operating and Financial Review on pages 32 to 33 of the Annual Report 2022.

Our Products

As a provider of gaming entertainment, the Company invests in world class customer care initiatives and responsible play practices. The Lottery Corporation has achieved and maintained a 'Level 4' accreditation from the World Lotteries Association, being the highest level of responsible play. The Company will continue to review and evolve its responsible play practices to ensure they remain aligned with customer and community expectations and to leverage both advancements in technology and leading gambling harm minimisation research.



More information on the Company's responsible play initiatives is available on the Company's website at: www.thelotterycorporation.com/esg-strategy/responsible-entertainment

The Lottery Corporation delivers its products with integrity and supports a well-regulated and responsible industry. To help maintain the sustainability of its business, the Company engages with industry bodies to align its strategy with potential industry and/or legislative changes.

Our Communities

The Lottery Corporation is committed to making a positive contribution to the broader community, including its charity partners. The Company believes that supporting the wellbeing of the communities in which it operates is fundamental to its social licence and long-term sustainable success.

In FY22, the Company contributed more than \$1.7 billion to Australian communities through donations, partnerships and State lottery taxes of its licenced entities. This has enabled governments to deliver infrastructure and services and to support research and community organisations.

Our People

The Lottery Corporation is mindful of the importance of supporting the physical and/or mental health of its staff and is committed to providing a safe work environment that prioritises the health, safety and wellbeing of team members.

The Company has implemented a health, safety and wellbeing framework which includes policies, procedures, reporting, training and education. The Company intends on conducting regular surveys of team members to monitor employee wellbeing and has implemented various policies and programs aimed at supporting team member wellbeing.

As outlined above, the Company has adopted policies to support diversity and inclusion in its workforce and provides training to staff on these matters.

The Board, the People and Remuneration Committee, the Chief People Officer and various management committees have responsibility for overseeing strategies and programs related to people, health, safety and wellbeing.

The Environment

The Lottery Corporation takes its responsibility for managing environmental impacts seriously, understanding this is a significant issue for team members, customers and the community.

While the Company's environmental footprint is relatively small when compared with other Australian companies, it acknowledges its impact on the environment. The Company seeks to minimise adverse environmental impacts through its operations and the delivery of its products and services.

The Lottery Corporation also recognises climate change represents a significant global challenge and the Company is committed to reducing its greenhouse gas emissions profile by identifying and managing climate-related risks and opportunities across the business.



More information is available on the Company's website at:
www.thelotterycorporation.com/esg-strategy

