

ECHO ENTERTAINMENT GROUP LIMITED 2015 CORPORATE GOVERNANCE STATEMENT

Echo Entertainment's approach to corporate governance

Echo Entertainment's Board of Directors and management strongly support the principles of good corporate governance. This is particularly important given the highly regulated industry in which Echo Entertainment and its subsidiaries and other controlled entities (the **Echo Group**) operate, and for the long term sustainability of the Echo Group's businesses.

Processes have been established to ensure that the Echo Group's corporate governance practices are reviewed regularly and will continue to be developed and refined to meet the needs of the Echo Group.

In developing the appropriate corporate governance practices, the Echo Group takes into account all applicable legislation and recognised standards, which include, but are not limited to:

- Corporations Act 2001 (Cth) (**Corporations Act**);
- Australian Securities Exchange (**ASX**) Listing Rules;
- State legislation governing the licences issued to the Echo Group to conduct its casino operations and related activities; and
- Australian Standard AS 8000 - 2003 – Good Governance Principles.

This corporate governance statement outlines the Echo Group's main corporate governance practices and policies in place during the twelve month period ended 30 June 2015, except where indicated otherwise.

This statement and other related information is available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

The Echo Group adopts the ASX Corporate Governance Council's "*Corporate Governance Principles and Recommendations 3rd edition*" which was published on 27 March 2014 (**3rd Edition**).

The Echo Group complies with all of the recommendations in the 3rd Edition unless otherwise stated and has established processes to maintain ongoing compliance with the recommendations.

This Corporate Governance Statement has been approved by the Board and is current to 24 September 2015.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 – Roles and responsibilities of the Board and Management

Board Responsibilities

The Board Terms of Reference specify the responsibilities and functions reserved to the Board as a whole, and those delegated to management.

 A copy of the Board Terms of Reference is available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

The Board's role includes:

- reviewing and approving the strategies, budgets and business plans prepared by management;
- assuring itself of the effectiveness of arrangements for the governance of the Echo Group including:
 - the quality of the executive team;
 - the appropriateness of organisational arrangements and structures; and
 - the adequacy of internal controls, policies, procedures and processes;
- overseeing performance against targets and objectives; and
- overseeing reporting to shareholders and other stakeholders on the strategic direction, governance and performance of the Echo Group.

The appointment and removal of the Managing Director and Chief Executive Officer is a matter for the Board as a whole.

Board Committees and Membership

The Board may from time to time delegate specific functions to a Committee comprised of such number of Directors as it thinks fit.

The following standing Board Committees have been established to operate under their respective terms of reference approved by the Board:

- Audit Committee;
- Risk and Compliance Committee;
- Remuneration Committee;

- People, Culture and Social Responsibility Committee; and
- Investment and Capital Expenditure Review Committee¹.

Membership of each of the Board Committees is restricted to Non-Executive Directors only. Details of the current membership and composition of each Board Committee are set out in the table below.

Committee Name	Members	Composition	Meetings held during FY2015
Audit Committee	Greg Hayes (Chair) Gerard Bradley Richard Sheppard Sally Pitkin John O'Neill (ex-officio member)	In accordance with Recommendation 4.1 of the ASX Principles & Recommendations: <ul style="list-style-type: none"> • At least 3 members, all of whom are Non-Executive Directors and independent • Chaired by an independent director who is not the chair of the Board • Members between them have the accounting and financial expertise and a sufficient understanding of the industry in which Echo Entertainment operates 	4
Risk & Compliance Committee	Gerard Bradley (Chair) Richard Sheppard Katie Lahey Greg Hayes John O'Neill (ex-officio member)	In accordance with Recommendation 7.1 of the ASX Principles & Recommendations: <ul style="list-style-type: none"> • At least 3 members, all of whom are Non-Executive Directors and independent • Chaired by an independent director • Members between them have the necessary technical knowledge and a sufficient understanding of the industry in which Echo Entertainment operates 	4
Remuneration Committee	Sally Pitkin (Chair) Katie Lahey Gerard Bradley John O'Neill (ex-officio member)	In accordance with Recommendation 8.1 of the ASX Principles & Recommendations: <ul style="list-style-type: none"> • At least 3 members, all of whom are Non-Executive Directors and independent • Chaired by an independent director 	5
People, Culture & Social Responsibility Committee	Katie Lahey (Chair) Sally Pitkin Greg Hayes John O'Neill (ex-officio member)	<ul style="list-style-type: none"> • All Non-Executive Directors 	4
Investment & Capital Expenditure Review Committee	Richard Sheppard (Chair) Gerard Bradley Greg Hayes John O'Neill (ex-officio member)	<ul style="list-style-type: none"> • All Non-Executive Directors 	5

The qualifications and experience of the members of each Board Committee and their attendance at Board Committee meetings during the financial year are set out in the Directors' Report section of the 2015 Annual Report.

Each Board Committee has terms of reference which set out the roles, responsibilities, composition and processes of each Committee.

Each Board Committee has the right to access any employee or other individual (including members of management) to ask questions and/or to seek explanations and additional information, interview management, access internal and external auditors (with or without management present), and seek advice from external advisers as considered necessary or appropriate by the Committee.

 The terms of reference for each of the Board Committees are available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

¹ From 1 January 2015, the Investment and Capital Expenditure Review Committee replaced the Investment Review Sub-Committee which was formed by the Board during the previous financial year for the specific purpose of providing oversight and reporting to the Board on the Company's strategic projects such as the New South Wales Unsolicited Proposal and the Queen's Wharf Brisbane Project proposal and bid process.

Board and Committee Meetings

The Board and its Committees meet regularly to discuss matters relevant to the Echo Group. Additional meetings may be scheduled to address specific matters. Any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter, unless all other Directors present resolve otherwise.

Management representatives are invited to attend meetings where matters relevant to their respective areas of responsibility are to be considered.

Directors are expected to attend all Board meetings, shareholder meetings and meetings of Board Committees of which they are members, subject to any unusual or unforeseen circumstances which may prevent them from attending. The number of Board and Board Committee meetings held during the financial year and details of Directors' attendance at those meetings are provided in the Directors' Report section of the 2015 Annual Report.

Independent professional advice

An individual Director may, after discussion with the Chairman, and advising the Managing Director and Chief Executive Officer, obtain independent professional advice at the expense of the Echo Group. Such advice is to be made available to all other Directors.

Board Committees and their members may also obtain independent professional advice, subject to the terms of reference for the applicable committee.

 The terms of reference for each Board Committee are available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

Management Responsibilities

To assist the Board with carrying out its responsibilities and functions, certain powers have been delegated to management, including the authority to undertake transactions and incur expenditure on behalf of the Echo Group, up to specified thresholds. These are referred to in Echo Entertainment's Authorities Policy, which has been agreed by the Board and management. The policy includes the financial and non-financial matters that the Board has delegated to management, the capital and operational expenditure approval limits applicable to each level of management, and specific key responsibilities within each division of the Echo Group.

Processes have been established to ensure that management provides relevant information to the Board in a concise and timely manner to enable the Board to make informed decisions and effectively discharge its duties. The Board also has processes in place to ensure that it regularly monitors the flow of information it receives from management, and Directors may request additional information where necessary.

Recommendation 1.2(a) – Background checks on Directors

The Board has responsibility for undertaking Director nomination matters and managing the process for the selection, appointment and re-election of Directors, including engaging external consultants to identify and propose potential candidates for directorships, and undertaking appropriate background checks on short-listed candidates.

Appropriate background checks are conducted on short-listed candidates, including checks as to character, experience, education, and any other integrity checks considered appropriate by the Board. The selected candidate is required to complete all necessary casino regulatory checks and obtain probity clearance before they can be unconditionally appointed as a Director. Such checks have been undertaken in relation to all current Directors, and will be undertaken in respect of any relevant candidates prior to their unconditional appointment as a Director.

Recommendation 1.2(b) – Information regarding election and re-election of Director candidates

Echo Entertainment's Constitution requires that the number of Directors (not including alternate Directors) shall not exceed twelve, nor be less than three. A Director, other than the Managing Director and Chief Executive Officer, may not hold office for a continuous period in excess of three years or past the third annual general meeting following the Director's appointment or last re-election to the Board, whichever is the longer, without submitting for re-election. The Board has the power to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board, subject to receiving all necessary regulatory approvals, but that person must stand for election at the following annual general meeting.

 Echo Entertainment's Constitution is available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

Sufficient information to enable shareholders to make an informed decision on whether or not to elect or re-elect a director will be provided in the Notice of Annual General Meeting (and in the Annual Report, for current directors), including a biography summarizing their relevant qualifications, experience and skills, details of material directorships presently held, the term of office currently served by that director, and a statement as to whether the Board supports the election or re-election of that candidate.

The names of the Directors, the period of office held by each director, details of their qualifications, skills, experience and expertise, and details of other directorships held are set out in the Directors' Report and also on the Echo Entertainment website at <http://echoentertainment.com.au/boardofdirectors/>.

Recommendation 1.3 – Written contracts of appointment

Directors receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment.

Employees have agreed position descriptions and balanced scorecards that set out their duties, responsibilities, objectives and key performance indicators. Letters of appointment or employment contracts set out other key terms of employment.

Recommendation 1.4 – Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters relating to the proper functioning of the Board, and all Directors have direct access to the Company Secretary for advice and services.

The Company Secretary's responsibilities include communicating with regulatory bodies and ensuring compliance with the statutory requirements of the Corporations Act, the ASX Listing Rules and other regulatory requirements.

The Company Secretary also assists with organizing and facilitating the induction and professional development of directors, and advises the Board (through the Chair) on governance matters.

The appointment and removal of the Company Secretary is a matter for discussion by the Board as a whole.

Recommendation 1.5 – Diversity

Echo Entertainment recognises that diversity celebrates difference and a focus on inclusion ensures that those differences strengthen the organisation.

The Board, supported by management, is responsible for devising and implementing strategies to achieve Echo Entertainment's diversity objectives, including monitoring and assessing the progress against measurable diversity objectives set by the Board.

The People, Culture and Social Responsibility Committee assists and guides management's activities in achieving diversity across all nominated diversity groups. Gender equality remains a priority for Echo Entertainment and its progress against achieving the measurable gender diversity objectives are reported to the Board by the People, Culture and Social Responsibility Committee. The three other diversity areas of focus for Echo are age diversity, multicultural diversity, and Lesbian, Gay, Bisexual, Transgender and Intersex (**LGBTI**) diversity.

The Board will annually review and assess the measurable objectives and key performance indicators to track and verify progress towards attainment of the objectives and the success of the overall strategy.

Measurable Objectives (established in FY15)		Details	Commentary
1.	Gender diversity	To develop policies, practices and activities to provide a more inclusive workforce for female employees, as measured by 50% female representation in the top four levels of Echo leadership by 2020.	Echo has 32% female representation in its top four levels of leadership. The target set by the Board in 2012 was to achieve 33% female representation in these levels.
2.	Multicultural Diversity	To develop policies, practices and activities to provide a more inclusive workforce for employees of all cultures, as measured by doubling the representation of leaders of Asian ethnicity in the top three levels of Echo leadership by 2020.	Echo aims to double its representation of employees with Asian heritage in the ranks of Executive, General Managers and Senior Managers by 2020. Additionally, Echo maintains its celebration and inclusion of all employees' cultures through ongoing on-property activities.
3.	Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) Diversity	To develop policies, practices and activities to provide a more inclusive workforce for LGBTI employees, as measured by a 50% year on year increase in the Australian Workplace Equality Index.	The Australian Workplace Equality Index (AWEI) is Australia's premier survey for LGBTI inclusion in the workplace. Echo is proud to have contributed to the AWEI for three continuous years, seeing its scores increase substantially each time.

Measurable Objectives (established in FY15)	Details	Commentary	
4.	Age Diversity	To develop policies, practices and activities to provide a more inclusive workforce for aged employees, as measured by an increase in the employee engagement scores for targeted age demographics.	Echo focuses on the value mature-aged employees bring to the workforce in terms of experience. Our policies and practices ensure that mature aged workers receive the same opportunities for development and advancement, as well as supporting employees as they transition to retirement.

Echo Entertainment has lodged a report on its workplace program to the Workplace Gender Equality Agency in compliance with its obligations under the Workplace Gender Equality Act 2012 (Cth) to report annually on its workplace program. A notice of compliance was issued to Echo Entertainment in June 2015 stating that Echo Entertainment is compliant with the Act. A copy of the report is available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

As at 30 June 2015, Echo Entertainment has two female Directors on the Board (representing 28.5% of all Directors or 33% of Non-Executive Directors), fifteen female senior executives (representing 25.9% of all senior executives, defined as Executives and General Managers) and 3,320 female employees across the whole of the Echo Group (representing 41% of all employees).

Echo Entertainment partners with a range of external organisations to ensure best practice in diversity and inclusion, as well as partnering with organisations aligned with Echo Entertainment's diversity activities. These organisations include Diversity Council Australia, Pride in Diversity, SageCo, Queensland Tourism Industry Council, Wear It Purple, Dress For Success and Australian Marriage Equality. Echo Entertainment has also participated in initiatives such as Harmony Day and International Women's Day.

 Echo Entertainment's Diversity Policy is available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

Recommendation 1.6 – Board Reviews

The Board will review and evaluate on an annual basis or as considered appropriate by the Chairman of the Board:

- the effectiveness of the Board against the requirements of the Board Terms of Reference and the performance of the Board as a whole;
- the performance of Board Committees;
- the performance of individual Directors.

In addition, the Board will facilitate an independent three yearly review of the performance of the Board, Board Committees and individual Directors.

During the financial year, an external consulting firm completed an independent review of the performance and effectiveness of the Board, its Committees and individual Directors.

The assessment process included surveys and interviews by the external consultant with current Directors and members of the Executive Committee. All Directors (including the Managing Director and Chief Executive Officer) provided the external consultant with their feedback on the Chairman's performance.

Following the review, the external consultant presented to the Board on their findings and recommendations.

Individual feedback sessions were conducted by the Chairman with each Non-Executive Director to discuss his or her performance based on the survey results and interview responses.

Collective feedback on the Chairman's performance was provided to the Chairman by the external consultant.

After reviewing the findings and recommendations arising from the review the Board adopted an implementation plan to address relevant findings and recommendations by the external consultant, which includes the following actions:

- a post meeting debrief is conducted after Board and Committee meetings to assess the effectiveness of each meeting and to provide feedback to the Managing Director and Chief Executive Officer on management's performance at the meeting;
- the Chairman, the Managing Director and Chief Executive Officer, and the Company Secretary regularly conduct feedback sessions (both formal and informal) to consider improvements for Board and Committee meetings, and for the Managing Director and Chief Executive Officer to provide regular direction and feedback to the management team;
- on-going site visits, industry familiarization and further education as required by Directors.

The Board continues to conduct ongoing self-assessments and informal reviews of the effectiveness of Board and Committee meetings, including assessing its information needs and its requirements of management for those meetings.

A review of the performance of each of the Board Committees will be undertaken by the Chairman in the next financial year, after the newly appointed Directors have had 9 to 12 months on the Board. The Board will also reconsider the optimal composition of each Board Committee at that time.

Recommendation 1.7 – Management Reviews

Processes have been established to ensure that formal performance and development evaluations are conducted every six months for each employee, including all senior executives and the Managing Director and Chief Executive Officer. Individual performance is assessed using a balanced scorecard setting out individual targets that are aligned to and are supportive of Echo Entertainment's annual objectives. Individuals are also assessed on whether they have exhibited Echo Entertainment's behavioural attributes.

During the financial year, performance and development evaluations were conducted for senior executives and the Managing Director and Chief Executive Officer in accordance with the processes described above.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1 – Nomination Committee

From 1 January 2015, the Remuneration and Nomination Committee relinquished responsibility for Board succession planning and related matters to the full Board, and subsequently changed its name to the Remuneration Committee.

All functions with respect to the selection and appointment of new Directors will be handled by the Board as a whole, rather than by a separate Nomination Committee.

The Board considers that the efficient handling of those matters is not diminished by the absence of a Nomination Committee.

The Board's responsibilities include the following succession planning and nomination matters:

- developing succession plans for the Board (including for the Managing Director and Chief Executive Officer);
- developing and implementing Board succession plans to enable an appropriate mix of skills, experience, expertise and diversity on the Board to be maintained and to facilitate orderly succession of Board membership;
- considering matters relating to the composition of the Board and Board Committees, including reviewing and assessing the necessary and desirable competencies of Directors required to discharge the Board's duties and the extent to which they are represented in the composition of the Board and each Board Committee;
- undertaking Director nomination matters and managing the process for the selection, appointment and re-election of Directors, including engaging external consultants to identify and propose potential candidates for directorships and undertaking appropriate background checks on short-listed candidates;
- determining which Director/s shall stand for re-election by shareholders under the retirement by rotation provisions of the Company's constitution; and
- facilitating an independent three yearly review of the performance of the Board, Board Committees and individual Directors.

Directors are required continually to evaluate the number of Boards on which they serve to ensure that they can give the time and attention required to fulfill their duties and responsibilities. Directors are required to seek approval from the Chairman prior to accepting an invitation to become a Director of any corporation, and in the case of the Chairman, seek approval from the Deputy Chairman of the Board (if one has been appointed) or from the Chair of the Audit Committee.

If the Board considers that there is a need for the services of a new director to add to the Board's existing mix of skills and experience, the Board will undertake a search for suitable candidates, and external consultants are engaged to assist with the selection process as necessary. The Board will then consider candidates who have the appropriate range of skills, experience and diversity that will best complement Board effectiveness and each Director has the opportunity to meet with the short-listed candidates.

When appointing a new Director, the Board seeks to achieve a mix of skills, knowledge, experience and diversity in the membership of the Board which is suitable to the nature of Echo Entertainment's business and which complements the existing range of skills on the Board at the relevant time.

Recommendation 2.2 – Board Skills Matrix

Echo Entertainment's Constitution provides that the minimum number of Directors is three and the maximum is twelve.

As at 30 June 2015, the Board consisted of seven directors, comprising:

- six independent Non-Executive Directors, including the Chairman; and

- the Managing Director and Chief Executive Officer.

The names of the Directors, the period of office held by each director, and details of their qualifications, skills, experience and expertise are set out in the Directors' Report and also on the Echo Entertainment website at <http://echoentertainment.com.au/boardofdirectors/>.

The Board considers it important to have and to maintain an appropriate mix of skills, knowledge, experience and diversity in the membership of the Board to enable it to discharge its responsibilities and add value to meet the current and future needs of Echo Entertainment's businesses.

The matrix of skills and experience which the Board currently has and is looking to achieve in its membership is described below. Each current Director possesses an adequate level of financial literacy and business acumen, and all Directors collectively provide the necessary skills and experience to govern an ASX listed company in the gaming and entertainment industry.

As a collective, the Directors contribute the following key skills and experience, with each of the individual skill and experience sets being held by at least a majority of the current Directors.

- **Non-Executive Director Experience** - experience as a non-executive director, including of other listed entities
- **Strategy** - strategic planning and execution capabilities and commercial acumen, including in relation to capital projects
- **Financial Acumen** - financial management capability, including accounting or related financial management experience and qualifications, and ability to analyse and assess financial performance and financial controls
- **Risk Management** - risk management and compliance understanding and experience, including experience in highly regulated businesses
- **Governance** - knowledge of, and experience with, corporate governance and compliance in listed entities
- **People and Culture** - experience in human resource management, including workplace culture, talent development and succession, health and safety, diversity, and remuneration
- **Industry experience** - relevant industry experience, including in gaming and entertainment businesses, tourism, hospitality, retail and marketing
- **Corporate Social Responsibility** - experience related to environmental and social responsibility, community and public policy
- **Leadership** - experience as a former Chief Executive Officer, or in other executive or senior management leadership roles
- **Management** - general management skills and exposure

The Board will continue to assess the collective levels of skills and experience appropriate for the Echo Entertainment Board having regard to the company's business and strategic plans. To the extent that any relevant skills are not directly represented on the Board, they are augmented through management and external advisers.

Recommendations 2.3, 2.4, 2.5 – Director Independence

All of the Non-Executive Directors (including the Chairman) of Echo Entertainment during the financial year have been determined to be independent Directors.

The independent Directors and the year in which each Director was appointed to the Board are listed below.

Independent Director	Date Appointed
John O'Neill AO (Chairman)	28 March 2011
Katie Lahey AM	1 March 2013
Richard Sheppard	1 March 2013
Gerard Bradley	30 May 2013
Dr Sally Pitkin	19 December 2014
Greg Hayes	24 April 2015

The Board periodically assesses the independence of each Director. For this purpose, an independent Director is a Non-Executive Director whom the Board considers to be independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment. This determination is made through both a quantitative and qualitative assessment of independence.

In assessing the independence of the Directors, the Board has taken into account the specific disclosures made by each Director, and whether the Director:

- is a substantial shareholder of Echo Entertainment, or an officer of, or otherwise associated directly or indirectly with, a substantial shareholder of Echo Entertainment;

- is, or has been employed in an executive capacity by Echo Entertainment or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- is, or has within the last three years been, a partner, shareholder, director or senior employee of a provider of material professional services to Echo Entertainment or any of its child entities;
- is, or has been within the last three years, in a material business relationship (for example, as a supplier or customer) with Echo Entertainment or any of its child entities, or an officer of, or otherwise associated with, someone with such a relationship;
- has a material contractual relationship with Echo Entertainment or its child entities other than as a Director;
- has close family ties with any person who falls within any of the categories described above; or
- has been a Director for such a period that his or her independence may have been compromised.

Directors are required to be meticulous in their disclosure of any material contract or relationship, including relevant interests of family companies and spouses, and involvement with other companies or professional firms. Each Non-Executive Director is required to seek approval from the Chairman prior to accepting an invitation to become a director of any external corporation.

Directors are required to adhere strictly to the constraints on their participation and voting in relation to matters in which they may have an interest, in accordance with the Corporations Act and policies of the Echo Group. All independent Directors bring an independent judgment to bear on Board deliberations.

A register of Directors' material interests is maintained and is regularly sent to every Director for acknowledgement. Directors are required to advise the Board if they have any interest in a matter that could potentially conflict with the interests of the Echo Group as a whole. If there is a change in a Non-Executive Director's interests, positions, associations or relationships that could bear upon his or her independence, the Director is expected to inform the Board at the earliest opportunity. The Board will then re-assess his or her independence as soon as practicable and if it is determined that his or her status as an independent Director has changed, that determination will be disclosed and explained to the market.

Where Directors are involved with other companies or professional firms, which from time to time have dealings with the Echo Group, all such dealings are at arms' length and on normal commercial terms.

To assist in determining levels of materiality for assessing whether supplier, professional adviser, consultant or customer relationships affect the independence of Directors, a relationship is presumed immaterial when it generates or equates to less than 5% of the Echo Group revenue, expense or equity base as relevant during a twelve month period, in the absence of evidence to the contrary. In making this determination, the Board will also undertake a qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that a Director's interests, business or relationship (even if it does not trigger the quantitative requirements described here) could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Echo Group.

The Board also has procedures in place to ensure it operates independently of management, which includes the Non-Executive Directors meeting together regularly in the absence of the Managing Director and Chief Executive Officer and other executives of the Echo Group. Where appropriate, executives are also excluded from Board discussions that relate to specific management issues, such as executive remuneration.

Recommendation 2.6 – Induction program and professional development opportunities for Directors

The appointment of any new Director is subject to regulatory approvals. While these approvals are being sought, the person, with the approval of the regulators, may attend Board and Committee meetings as an observer. This assists their transition into their role, but they may not vote on any matter considered at those meetings.

Each observer undertakes an induction program and is provided with access to Board reference documents, Echo Entertainment's company policies, the Echo Group's strategic plan and other materials to assist them to participate fully and actively in all Board decision-making at the earliest opportunity. In addition, upon being invited to join the Board, every observer receives a letter of appointment setting out the key information and terms and conditions applicable to their appointment as a Director of Echo Entertainment.

The Board is responsible for determining the process for the induction of new Directors and identifying professional development and educational opportunities for Directors. The induction program aims to provide the observer with the relevant knowledge regarding the processes of the Echo Entertainment Board, Board culture, the role and responsibilities of an Echo Entertainment Director, the Echo Group's strategic direction, the nature of the Echo Group's businesses, industry matters, the Echo Group's financial position, key senior management, operational and risk management practices and the major issues facing the Echo Group. The induction program includes meetings with each Executive Committee member and their leadership team, site tours, and specific matters of interest to each observer. The induction process is reviewed and revised as necessary after incorporating feedback from newly appointed Directors.

Echo Entertainment has a formal induction program for all employees, including executives. This program is conducted by skilled trainers and provides information about the structure and operations of the Echo Group,

Echo Entertainment's Code of Conduct, key employee policies (such as the use of Echo Entertainment's gambling products, harassment and bullying, occupational health and safety, and equal opportunity). In addition, employees receive orientation regarding their specific responsibilities, duties and rights, meet with executives and team members and undergo familiarisation in their workplace.

Directors' continuing education

All Directors have access to continuing education to update and enhance their skills and knowledge to enable them to continue to carry out their duties as Directors in an efficient and knowledgeable manner.

The continuing education program includes information concerning key developments in the Echo Group and the industry and environments within which it operates, including site visits to the Echo Group's properties, updates to relevant policies, discussion of relevant legal developments, briefings on developments in accounting standards, corporate governance updates and other matters of interest for Directors.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1 – Code of Conduct

The Echo Group has a group-wide Code of Conduct. Compliance with the Code of Conduct and associated policies, guidelines and procedures is a requirement for all employees, Directors and contractors of the Echo Group. The Code is founded on the Echo Group's values, and establishes the behaviour that is expected from all employees, Directors and contractors, including the maintenance of ethical standards, honesty, teamwork, fairness, courtesy and integrity.

The Code includes, among other things, references to specific Echo Group policies regarding money laundering, corruption, bribery, bullying and harassment, equal opportunity in the workplace, insider trading, whistleblowing, conflicts of interest and restrictions on the use of the Echo Group's gambling products.

The Code of Conduct and relevant policies are included in the Echo Group's induction program, with annual refresher training and compliance awareness conducted across the Echo Group.

In addition to adhering to the high ethical standards set by the Code of Conduct, Echo Entertainment's Directors and key personnel are also required to undergo extensive probity investigation and clearance by the New South Wales Independent Liquor and Gaming Authority and the Queensland Office of Liquor and Gaming Regulation.

 Echo Entertainment's Code of Conduct is available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

Whistleblower system

Echo Entertainment has an independent, anonymous crime and misconduct reporting service as one of Echo Entertainment's processes to prevent, detect, and respond to crime and misconduct.

The service was introduced to achieve Australian and international best practice, reflecting Echo Entertainment's commitment to integrity and befitting the responsibilities of a publicly listed company. It is available 24 hours a day, 7 days a week.

The service is managed by the Echo Group's Governance, Risk and Compliance team and has accountability at the highest levels, with the Chair of the Risk and Compliance Committee able to access reports relating to all employees and review the action taken.

 Further information on the crime and misconduct reporting service is available from Echo Entertainment's website at <http://echoentertainment.com.au/>.

Securities trading policy

Echo Entertainment has a policy regarding trading in its securities which applies to all Directors, employees and contractors. This policy also extends to any person or entity, which may in the circumstances be reasonably associated with the Echo Group or any Director, employee or contractor (for example, a spouse, dependent children, family trust, family company or joint venture partner).

Directors, executives reporting directly to the Managing Director and Chief Executive Officer (**Executives**), all direct reports to those Executives (Executive Direct Reports), executive assistants of Directors and Executives, members of the financial reporting team, other employees of the Echo Group, and associates of any of the preceding must not trade, arrange for someone else to trade, or pass on information to someone they know, or ought reasonably to know, may use the information to trade (or procure another person to trade) Echo Entertainment securities when they are in possession of price sensitive information relating to the Echo Group which is not generally available to the market.

To avoid any adverse inference being drawn of unfair dealing, Directors, Executives, Executive Direct Reports, executive assistants of Directors and Executives, members of the financial reporting team, and any associates of the preceding also may not deal in Echo Entertainment securities during the applicable Blackout Periods set out in the policy or within 12 months of the acquisition of the relevant Echo Entertainment securities. Blackout Periods are the periods between 1 January and the release of Echo Entertainment's half year results, and 1 July and the release of Echo Entertainment's full year results, and any other periods determined by the Board, the Chairman, the Managing Director and Chief Executive Officer, or the Company Secretary from time to time.

If a Director or an associate of a Director wishes to trade in Echo Entertainment securities at any time, the Director must obtain prior written approval from the Chairman (in the case of Directors other than the Chairman) and in the case of the Chairman, from the Chair of the Audit Committee. Directors are also required to notify the Company Secretary of any changes to their relevant notifiable interests in Echo Entertainment securities no more than 5 business days after the change occurs.

If an Executive, an Executive Direct Report or an associate of an Executive or Executive Direct Report wishes to trade in Echo Entertainment securities at any time, the Executive or Executive Direct Report must obtain the prior written approval of any of the Company Secretary, the Chief Financial Officer or the Managing Director and Chief Executive Officer.

The policy also contains restrictions on margin lending. Directors, Executives and Executive Direct Reports must receive prior written consent from the Chairman (and in the case of the Chairman, prior written consent from the Chair of the Audit Committee) before entering into margin loans or similar financing arrangements.

 Echo Entertainment's Securities Trading Policy is available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1 – Audit Committee

Details regarding the membership and composition of the Audit Committee are included in the table on page 2 of this Corporate Governance Statement (under the Board Committees and Membership heading).

The Audit Committee provides the Board with additional assurance regarding the quality and reliability of financial information used by the Board and financial statements issued by Echo Entertainment.

The key responsibilities of the Audit Committee are:

- Oversee compliance with statutory responsibilities relating to financial, accounting practices, financial risk management, internal control systems, external reporting, and the internal and external audit functions;
- Review the activities and performance of the internal audit function and the external auditors;
- Review the adequacy of the Echo Group's internal control systems;
- Monitor related party transactions and potential conflicts of interest; and
- Review the process for management assurance to the Board.

The Audit Committee or the Chair of the Audit Committee is required to meet at least once annually with the external auditor, in the absence of management, and on any occasion during the year as requested by either the Chair of the Audit Committee or the external auditors.

The annual internal audit plan and the scope of work to be performed is set in consultation with the Audit Committee. The Audit Committee approves the annual internal audit plan and reviews progress and reports made pursuant to that plan.

The Audit Committee is committed to maintaining auditor independence and limiting the engagement of the external auditor for only audit related services, unless exceptional circumstances necessitate the involvement of the external auditor. The Chair of the Audit Committee must approve all non-audit related work to be undertaken by the external auditor (if any).

Echo Entertainment will maintain the rotation of the lead external audit partner every five successive years or less, as required by the Corporations Act.

 The terms of reference for the Audit Committee are available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

Recommendation 4.2 – Managing Director & CEO and CFO Declarations

Processes have been established to ensure that, at the Board meetings to approve the Echo Group's annual and half yearly results, the Board receives and considers written declarations from the Managing Director and Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the Corporations Act (**CEO and CFO Declarations**), comprised of statements in writing in relation to the Echo Group's system of risk oversight and management and internal control. The CEO and CFO Declarations are supported by written attestations provided by relevant senior executives in relation to their area of management.

The CEO and CFO Declarations state that the financial statements have been prepared in conformity with generally accepted accounting principles and that they gave a true and fair view of the state of affairs of Echo Entertainment and of the Echo Group.

The CEO and CFO Declarations also state that the risk management and internal compliance and control systems operated effectively, in all material respects, based on the AS/NZS ISO 31000:2009 – Risk Management standard adopted by the Echo Group. The CEO and CFO Declarations also include statements that all information had been made available to the external auditor, and that there were not any irregularities or significant issues identified that would have a material impact on the Echo Group.

Before approving the half year and full year financial reports, the Board received a statement in writing from the Managing Director and Chief Executive Officer and the Chief Financial Officer that the CEO and CFO Declarations 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 standard AS/NZS ISO 31000:2009 – Risk Management is available from SAI Global's website at www.saiglobal.com.

Recommendation 4.3 – External auditor available at AGM

The external auditor attends the annual general meeting and is available to answer questions from shareholders about:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by Echo Entertainment in its preparation of the financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 – Disclosure Policy

The Echo Group has a Disclosure and Investor Communications Policy and procedures are in place to ensure that information is reported to the ASX in accordance with the continuous disclosure requirements under the ASX Listing Rules. The Board reviews Echo Entertainment's compliance with its continuous disclosure obligations at each of its meetings.

Echo Entertainment's Company Secretary is responsible for coordinating disclosure of information to the ASX, the Australian Securities and Investments Commission and shareholders. The Company Secretary is referred to as the Disclosure Officer in the Disclosure and Investor Communications Policy.

The Disclosure Officer must be kept informed by management of disclosure related issues, and each Executive Committee member must notify the Disclosure Officer immediately of any information that may require disclosure.

In addition to the Disclosure Officer, there are a limited number of authorised Echo Entertainment spokespersons. Only authorised Echo Entertainment spokespersons may speak on the Echo Group's behalf to people such as analysts, brokers, journalists and shareholders, and comments must be limited to their expertise. If an employee of the Echo Group is not an authorised Echo Entertainment spokesperson, and receives an enquiry about the Echo Group from a journalist, analyst or other external party, they must refer the enquiry to an authorised Echo Entertainment spokesperson.

Authorised Echo Entertainment spokespersons liaise closely with the Disclosure Officer to ensure all proposed public comments are within the bounds of information that is already in the public domain, and/or is not material. All company announcements are made available on Echo Entertainment's website following release to the ASX.

 Echo Entertainment's Disclosure and Investor Communications Policy is available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1 – Information on website

Echo Entertainment's website provides stakeholders with a range of information about the Echo Group, including its operations, values, brands, community involvement, announcements to ASX, share price performance, Annual Reports to shareholders, and key events calendar. Major announcements, such as the half-year and full year financial results and the annual general meeting, are webcast live on Echo Entertainment's website. Webcasts are archived and accessible on the website for a period after the webcast.

 Echo Entertainment's website is available at <http://echoentertainment.com.au/>.

Recommendation 6.2 – Investor relations program

Following the release of its half-year and full year financial results announcements, Echo Entertainment conducts investor briefings (via an audio webcast and teleconference calls) and investor roadshows with institutional investor groups and analysts. These events provide an opportunity for investors and other financial market participants to gain a greater understanding of Echo Entertainment's business, governance, financial performance and prospects, and to express their views on any matters of concern or interest to them, and relevant information will then be communicated to the Board.

Echo Entertainment's Disclosure and Investor Communications Policy sets out the procedures and guidelines relating to continuous disclosure and the communication of information to investors. This information is communicated to shareholders through ASX announcements, Echo Entertainment's website, annual report, dividend mail-outs, emails and other means where appropriate.

Recommendation 6.3 – Facilitating and encouraging participation at shareholder meetings

Echo Entertainment encourages its shareholders to participate fully at its annual general meeting. Each annual general meeting is webcast live so that shareholders can hear proceedings online.

Important issues are presented to shareholders as single resolutions and full discussion of each item is encouraged. Explanatory memoranda, where considered appropriate, will be included with the Notice of Annual General Meeting in respect of items to be voted on at the meeting.

Echo Entertainment also provides a direct voting facility to allow shareholders to vote ahead of the meeting without having to attend or appoint a proxy. Shareholders who are not able to attend the meeting can provide questions about, or make comments on the management of the company, to the Company Secretary ahead of the meeting. Where appropriate, shareholder questions are read out and answered at the meeting, or the shareholder question and answer is posted on Echo Entertainment's website, or a written answer may be sent directly to the shareholder.

Dedicated shareholder relations personnel are available to assist in responding promptly to all shareholder enquiries. Echo Entertainment has a Shareholder Enquiries and Complaints Policy that sets out the processes and procedures for responding to enquiries, complaints, concerns and feedback from shareholders.

🔗 Echo Entertainment's Shareholder Enquiries and Complaints Policy is available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

Recommendation 6.4 – Facilitating electronic communications

Echo Entertainment (via its share registry) provides an email service for its shareholders to receive all shareholder related communications electronically, including dividend statements, notices of meeting, and the annual report. This email service provides a quick and convenient means for receiving this information while reducing costs and being environmentally friendly. Shareholders can also use the share registry's website to lodge their proxy appointments and proxy votes prior to the annual general meeting.

🔗 Shareholders can elect to receive all communications electronically by following the instructions in the 'Become an eShareholder' section of the Investor Centre under the 'Investors' tab on Echo Entertainment's website at <http://echoentertainment.com.au/investor-centre/>.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1 – Risk and Compliance Committee

Details regarding the membership and composition of the Risk and Compliance Committee are included in the table on page 2 of this Corporate Governance Statement (under the Board Committees and Membership heading).

The main responsibilities of the Risk and Compliance Committee are:

- Reviewing and approving the Echo Group's risk and compliance policies and frameworks;
- Assessing the appropriateness of risk and compliance management systems, related control processes, and reporting systems;
- Monitoring the effectiveness of systems and processes in place to ensure compliance requirements are being satisfied and performing adequately (other than the financial reporting obligations for which the Audit Committee is responsible);
- Evaluating the effectiveness of the Echo Group's systems and controls to monitor and manage risks that are significant to the fulfilment of the Echo Group's business objectives; and
- Ensuring that sufficient resources are dedicated to managing risk and compliance.

🔗 The terms of reference for the Risk and Compliance Committee are available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

Recommendation 7.2 – Risk management framework and annual risk review

The Board requires management to design, implement and review the risk management and internal control system to manage Echo Group's material business risks and report to it on whether those risks are being managed effectively.

The Echo Group has in place a risk management framework, policies and procedures, which set out the roles, responsibilities and guidelines for managing financial, legal, strategic and operational risks associated with the Echo Group's businesses. The Risk Management Framework is based on concepts and principles identified in the Risk Management Standard AS/NZS ISO 31000:2009. Its implementation and ongoing development is periodically reviewed by the Risk and Compliance Committee.

Processes have been established to ensure that during each financial year the Echo Group's risks are reviewed to ensure that appropriate controls are in place and that there is appropriate allocation of responsibility within the business, so that potential occurrence and consequences of material business risks are effectively mitigated.

The Risk and Compliance Committee provides oversight of the risk management process and ensures that the relevant internal controls are considered in the annual internal audit planning process.

During the financial year, the Risk and Compliance Committee reviewed the Echo Group's Risk Management Framework and was satisfied that it continues to be sound and that it reflects the risk appetite set by the Board.

☞ The terms of reference for the Risk and Compliance Committee are available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

☞ The standard AS/NZS ISO 31000:2009 – Risk Management is available from SAI Global's website at www.saiglobal.com.

Recommendation 7.3 – Internal audit function

The Board reviews and approves the internal control structure of the Echo Group. This includes the role performed by the Echo Group's internal audit, risk management and compliance functions.

The Echo Group's internal audit function is resourced by Echo Entertainment employees supplemented by relevant industry experts, and is independent of the external auditor. Processes have been established to ensure that internal audit reports are regularly submitted to the Chief Financial Officer, to the Audit Committee and, where appropriate, to the Board. The Audit Committee approves the internal audit plan annually.

The Echo Entertainment Compliance Policy and Framework was developed to align with:

- Australian Standard AS 3806 – Compliance Programs;
- Australian Standard AS 8000 - 2003 – Good Governance Principles;
- applicable legislation; and
- Echo Entertainment's organisational structure and strategy.

The Echo Group monitors whether practices and processes designed to ensure compliance have been operating effectively to increase the visibility of potential issues and improve the processes for resolving issues.

☞ The Australian Standards AS 3806 – Compliance Programs and AS 8000 - 2003 – Good Governance Principles are available from SAI Global's website at www.saiglobal.com.

Recommendation 7.4 – Economic, environmental and social sustainability risks

Echo Entertainment monitors its exposure to all risks including economic, environmental and social sustainability risks. Material business risks are described in the Operating and Financial Review section of the Directors' Report.

Economic Risks

Economic risks to Echo Entertainment's operations are considered in both strategic planning and operational risk analysis. The Board, through the Risk and Compliance Committee is informed at each meeting of incidents and material macroeconomic and regulatory risks to ensure that appropriate action is taken by management.

No material economic risks were identified.

Environmental and Social Sustainability Risks

Echo Entertainment is committed to the long term sustainability of its operations and aims to optimise the social, environmental, workplace and economic impact of its operations for the benefit of all stakeholders.

Although the operations of the Echo Group are considered to have minor impact on the environment, Echo Entertainment is committed to protecting the environment and minimising the impact wherever appropriate.

Echo Entertainment's approach to environmental and social sustainability is to see clear evidence of the Echo Group's environmental values, activities and commitments embedded in its operational activity.

The Board, through the People, Culture and Social Responsibility Committee is informed at each meeting, of all incidents and material potential risks and the appropriate action taken by management.

No material environmental or social sustainability risks were identified.

Echo Entertainment has been independently assessed according to the FTSE4Good criteria and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent environmental, social, and governance criteria and are positioned to capitalize on the benefits of responsible business practice.

Responsible gambling

Each of the Echo Group's casinos comply with the Responsible Gambling Code in both New South Wales and Queensland on a voluntary basis.

In addition, the Echo Group leverages the findings of academic research with its experience of industry practice to provide various responsible gambling support services and awareness activities across all of its properties. It also provides employees with training and awareness programs relating to responsible service of gambling. To further support the responsible delivery of its gambling products, the Echo Group has implemented a voluntary pre-commitment and voluntary exclusions scheme at each of its casino properties.

The Echo Group's commitment to its responsible gambling programs was recognised by S&P Dow Jones through their selection of Echo Entertainment as part of the RobecoSAM Corporate Sustainability Assessment in 2014. Echo Entertainment's responsible gambling programs were assessed as industry best practice.

 Echo's Codes of Practice are available from the Responsible Gambling section of Echo Entertainment's website at <http://echoentertainment.com.au/responsiblegambling/>.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1 – Remuneration Committee

During the financial year the Remuneration and Nomination Committee changed its name to the Remuneration Committee after it relinquished responsibility for all nomination related matters to the Board.

Details regarding the membership and composition of the Remuneration Committee are included in the table on page 2 of this Corporate Governance Statement (under the Board Committees and Membership heading).

The Remuneration Committee has responsibility for, among other things:

- Reviewing and making recommendations to the Board on remuneration packages and policies applicable to the Chairman, Directors, the Managing Director and Chief Executive Officer, and executives reporting to the Managing Director and Chief Executive Officer;
- Reviewing and making recommendations to the Board on the Echo Group's general remuneration practices and policies, including terms and conditions of any employee share ownership and option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements;
- Reviewing and approving participation of executives in incentive plans, including option and share plans;
- Reviewing and making recommendations to the Board regarding the Echo Group's remuneration arrangements with respect to gender;
- Overseeing the preparation of the Remuneration Report for inclusion in Echo Entertainment's Annual Report.

 The terms of reference for the Remuneration Committee are available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.

Recommendation 8.2 – Remuneration policies and practices

Details about Echo Entertainment's remuneration strategy, framework, policies and practices are set out in the Remuneration Report which clearly distinguishes the structure of Non-Executive Directors' remuneration from that of the Managing Director and Chief Executive Officer and other senior executives.

Recommendation 8.3 – Policy on hedging equity-based incentive schemes

Echo Entertainment's Securities Trading Policy prohibits employees participating in any of Echo Entertainment's employee or executive incentive plans from hedging the value of restricted shares and unvested performance options or rights granted under such plans. Breaches of this prohibition will result in awards being forfeited by the relevant employee.

 Echo Entertainment's Securities Trading Policy is available from the Corporate Governance section of Echo Entertainment's website at <http://echoentertainment.com.au/corporate-governance/>.