

PRIME MEDIA GROUP | CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement has been approved by the Board and summarises the Company's governance practices that were in place throughout the financial year ended 30 June 2019 (Financial Year).

The Board of Directors of the Company has adopted a corporate governance framework consistent with the 3rd edition of the ASX Corporate Governance Council Principles and Recommendations (ASX Recommendations).

For further information on corporate governance policies adopted by the Company, which are referred to in this Corporate Governance Statement, refer to the Company's website www.primemedia.com.au and to the relevant sections of the Annual Report for the Financial Year as indicated.

BOARD OF DIRECTORS

BOARD COMPOSITION

The Board is structured to provide a mix of qualifications, skills, experience, expertise and diversity to enable it to effectively discharge its responsibilities and to be of a size that facilitates effective discussion and is conducive to efficient decision-making.

Board composition is determined by applying the following principles, which are overseen by the Remuneration and Nomination Committee:

- the number of Board members will be a minimum of three (3) members and a maximum of twelve (12) members;
- the Board consists primarily of non-executive directors and includes a majority of independent directors;
- the Chairman of the Board is an independent non-executive director; and
- the Directors possess a broad range of skills, qualifications and experience.

Details of the background, particular qualifications, expertise and period of service of each director are set out in the Directors' Report at pages 2 to 4 and 10 of the 2019 Annual Report.

BOARD SKILLS

The Board of Directors, as the Company's highest governance body, is responsible for overseeing management in the overall operation of the Group and, in particular, the long-term growth and profitability of the Company. The Board's succession policy is therefore focused upon maintaining a director membership with an appropriate mix of qualifications, skills, experience and diversity that will enable it to appropriately and effectively oversee the Company's strategic direction.

The following strategic priorities are regarded to be key drivers of long-term shareholder value creation:

- Maintenance of strong advertiser relationships and perpetuation of the market leading sales force to maintain a revenue opportunity in excess of audience share.
- Continue to engage government to reform media laws to alleviate regulatory costs and burdens on the regional television sector.
- Improving operational performance through the implementation of new technologies, outsourcing functions where appropriate, and reducing operating expenses where possible.
- Review and where possible, participate in mergers and acquisitions that will maximise value for shareholders.

Current Board members have a broad range of experience and skills that complement the Company's current business needs.

The Directors as a Group contribute skills and experience in:

- Executive, operational and strategic leadership: Directorship and senior executive experience
- Governance: Prior directorships or experience participating in governance bodies including listed and unlisted entities
- Financial and risk management: Experience in financial accounting, and reporting, risk and internal controls

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- Human Resources, remuneration and workplace health and safety: Experience in remuneration, including prior membership of a remuneration committee and participation in business advisory groups
- Industry: Experience in the media industry
- Regulatory skills and government relations

The Board has established a self-assessment process in reviewing the aggregate human capital of the Board across two categories: functional skills and depth of experience.

The following skills and experience are identified and are considered to be adequately represented on the Board as at 2019 financial year end:

FUNCTIONAL SKILLS	% OF THE BOARD
Media Operations	67%
Human Resource Management	67%
Mergers and Acquisitions	67%
Finance and Capital Markets	50%
Audit & Accounting	67%

EXPERIENCE	% OF THE BOARD
Strategy and Planning	100%
Executive Management	100%
TV & Media	100%
Listed Company Environment	100%
Environmental and Social	67%
International Business Experience	50%
Risk and Compliance	67%
Regulatory Skills and Government Relations	83%

BOARD RENEWAL

The Board seeks to regularly review its composition and its need for renewal in light of the Company's strategic objectives, future challenges and business needs.

The Company's Remuneration and Nomination Committee is tasked with the responsibility of reviewing, assessing and making recommendations on the desirable competencies of Board members. Further information regarding the committee's responsibilities is set out in the "Remuneration and Nomination Committee Charter" that is publicly available on the Company website.

BOARD INDEPENDENCE

The Company recognises the importance of its Board being made up of a majority of independent directors. The Board's Charter states that an independent director is considered to be a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

Examples of interest, positions, associations and relationships that might cause doubts about the independence of a director include if the director:

- is, or has been, employed in an executive capacity by the entity or any of its child entities and there has not been a period of at least three (3) years between ceasing such employment and serving on the Board;

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- is, or has within the last three (3) years been, a partner, director or senior employee of a provider of material professional services to the entity or any of its child entities;
- is, or has been within the last three (3) years, in a material business relationship (eg. as a supplier or customer) with the entity or any of its child entities, or an officer of, or otherwise associated with, someone with such relationship;
- is a substantial shareholder of the entity or an officer of, or otherwise associated with, a substantial shareholder of the entity;
- has a material contractual relationship with the entity or its child entities other than as a director; or
- has close family ties with any person who fall within any of the categories described above.

The Board considers and concludes on the independence of its non-executive directors each year. Each non-executive director must provide the Board with all relevant information to enable the Board to make an assessment of that director's independence. The fact that a director has served on the Board for a substantial period does not mean that he or she has become too close to management to be considered independent. The Board regularly reviews the independence of any director who has served on the Board for more than ten (10) years. All the current non-executive directors are considered to be independent.

Directors must additionally declare potential conflicts of interest, interests in contracts, other directorships or offices held, potential related party transactions, and the acquisition or disposal of Company shares. Under the Board Charter, where a conflict of interest arises or a perceived conflict of interest exists, the director is required to declare the potential or perceived conflict of interest and is then excluded from all Board discussions relating to the issue around which the conflict of interest has arisen.

ROLE & RESPONSIBILITIES OF THE BOARD

The Board is committed to promoting the highest standard of corporate governance in support of long term shareholder value creation. The Board's Charter outlines the roles and responsibilities of the Board and its Committees, and those matters which are the responsibility of management.

The Chair's role and responsibilities are separate from those of the Chief Executive Officer (CEO). For more information on the role and responsibilities of the Chair, please refer to the Board's Charter (available on the Company website).

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, it makes use of two sub-committees (see further below).

BOARD MEETINGS

Board meetings are scheduled approximately six times per year, with other meetings called as required. Meetings attended by the Directors for the 2019 financial year are set out in the 'Directors Meetings' section of the Directors' Report (within the Annual Report).

APPOINTMENT OF DIRECTORS

In accordance with the ASX Recommendations, the Board's succession plan is aimed at maintaining an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively. Before appointing a candidate as a Director, or putting forward a candidate to shareholders for election as a Director, the Company undertakes checks of the candidate's appropriateness, including their experience, education and character.

If a Director is standing for re-election, the notice of meeting sets out information relevant to the decision to re-elect the candidate, including biographical information (including relevant qualifications and experience), details of other directorships held and details of any outside interest and a statement regarding the Board's assessment of the candidate's independence status. The notice of meeting will also state the term of office currently served by the Director. In all cases, the notice of meeting includes the recommendation of the rest of the Board on the appointment or re-election resolution.

One third of Directors (excluding the CEO and any Director appointed to fill a casual vacancy and rounded down to the nearest whole number) must retire at every Annual General Meeting but are able to stand for re-election.

Upon appointment, each Director is provided with a letter of appointment for countersigning, which sets out the terms of their appointment, including their term of office, their remuneration and reimbursement entitlements, duties, rights and responsibilities.

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INDUCTION OF DIRECTORS AND PROFESSIONAL DEVELOPMENT

Once appointed, all new directors participate in an induction process, which includes provision of Board and Committee Charter documents, and meetings with the Company Secretary and key members of management are arranged so that new Directors acquaint themselves with the Company's business and administration.

The Company would, if requested, provide professional development opportunities for directors to develop and maintain any skills and knowledge needed to perform their role as directors.

ACCESS TO INDEPENDENT PROFESSIONAL ADVICE

Any director who requires legal advice in relation to the performance of their duties as a director of Company is permitted to seek advice, on approval of the Chair, and all costs reasonably incurred are reimbursable by the Company. If obtained and received, such legal advice is made available to the full Board.

BOARD COMMITTEES

REMUNERATION AND NOMINATION COMMITTEE

The composition of the Remuneration and Nomination Committee is set out in its Charter (which is available on the Company website). The make-up of the Remuneration and Nomination Committee during the Financial Year, including the meetings held and individual attendances at those meetings, is set out in the 'Directors Meetings' section of the Directors' Report (within the Annual Report).

The Board has established a Remuneration and Nomination Committee which, in accordance with the Remuneration and Nomination Committee Charter available on the Company website, is responsible for reviewing and making recommendations to the Board in respect of:

- the level and mix of remuneration to the Company's key management personnel with a focus on ensuring a strong link is maintained between individual and Group performance, pay and reward outcomes, and shareholders' interests.
- recruitment, retention, performance measurement and termination policies and procedures for non-executive directors, the chief executive officer and key management personnel; and
- the disclosure of remuneration in the Company's public materials including ASX filings and the Annual Report.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for assisting the Board in discharging its responsibilities to safeguard the integrity of the Company and the Group's financial reporting and system of internal control. The Audit and Risk Committee provides advice and recommendations to the Board to assist the Board to fulfil its corporate governance responsibilities. The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The Audit and Risk Committee is comprised of three (3) non-executive, independent directors, one of whom is elected annually by the members of the Committee to chair the Committee. The office of chair of the Committee cannot be occupied by the Chair of the Board. Each member of the Committee is financially literate and has sufficient knowledge of the industry in which the Company operates. Details of the qualifications and experience of the members of the Audit and Risk Committee is set out in the Directors' Report, as is the number of meetings and attendance at meetings of the Committee held during the Financial Year.

The Audit and Risk Committee Charter is available at www.primemedia.com.au/corporategovernance.

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PERFORMANCE EVALUATION

BOARD EVALUATION

The Board undertakes periodic evaluation of its performance regarding the role, composition and dynamics of the Board. During this Financial Year, directors adopted an informal performance evaluation process that included a review of the composition of the Board. On occasion, the Board will undertake an independent third party performance evaluation.

KEY EXECUTIVES EVALUATION

All senior executives enter into written agreements with the Company that set out the terms of their employment, including the term of their employment (if applicable), their remuneration, duties, rights and responsibilities.

The performance of key executives is reviewed annually against the key performance indicators (KPIs) that are set each year for that individual by the CEO. The KPIs are specifically chosen to support both the short and long term strategy objectives for the Company.

The CEO conducts the performance evaluation for all key executives. For the CEO, the performance evaluation is led by the Chairman on behalf of all the non-executive directors, with guidance from the Remuneration and Nomination Committee.

THE COMPANY SECRETARY

The Company Secretary's role is to support the Board's effectiveness. The Company Secretary is accountable directly to the Board through the Chair on all corporate governance matters. Each director has full access to the Company Secretary and the right of access to all relevant Company information.

REMUNERATION

Information regarding the remuneration of non-executive directors, the CEO and other senior executives is provided in the Remuneration Report at pages 11 to 24 of the Company's Annual Report. The Remuneration Report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise).

RISK MANAGEMENT FRAMEWORK

The Audit and Risk Committee oversees the Company's risk management framework. A review of the risk management framework has been undertaken for the Financial Year and is conducted at least once annually.

Part of the Audit and Risk Committee's mandate is to oversee the adequacy of the controls established by management to identify and manage areas of potential risk and to safeguard the assets of the Group. The Executive Risk Management team maintains a risk register and matrix and reports to the Audit and Risk Committee on a regular basis, as well as keeping the Committee informed on an ad hoc basis if a material risk emerges.

The Committee's mandate also involves conducting regular reviews of the key strategic and emerging risks for the Group. The Audit and Risk Committee reviews, evaluates and reports on the procedures in place to ensure compliance with all laws and regulations (particularly those which have a major potential impact on the Group) and the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes.

Risk management focuses on strategic, financial, operational and legal/compliance risks. During the period, the Company sought to comply with AS/NZS ISO31000:2009 Risk Management to identify and manage risk. Certain specific risks are covered by insurance policies that the Group has in place.

The Audit and Risk Committee has access to adequate internal and external resources (including access to advice from external consultants or specialists) to carry out its activities and may obtain information from, and consult with, management. The Audit and Risk Committee may also obtain independent professional advice to assist with the discharge of its duties and can access the Company's external auditors (without management present) to seek explanations and additional information from them.

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The Company does not have an internal audit function as the Board believes that the size and nature of the Company's operations currently do not warrant a separate internal audit function. The Company's external auditors are tasked with reviewing the effectiveness of the risk management and internal control processes twice per Financial Year. In addition to the Operating and Review section of the Directors' Report, the Company has exposure to the following risks due to the industry environment within which it operates:

- fluctuations in consumer demand that impact advertising revenues, which the Company manages by ensuring it continues to maintain a strong advertising sales team and strong relationships with advertisers and agencies;
- the impact on audiences as a result of new media platforms and technologies and the resultant impact on television advertising revenues;
- the increasing cost of content and the ability to continue to access quality programming; and
- the ability to attract and retain employees with relevant media experience

DECLARATIONS FROM THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Before the Board approves the Company's financial statements for a financial period, the Chief Executive Officer and the Chief Financial Officer provide to the Board a declaration that, in their opinion, the financial records of the entity:

- have been properly maintained;
- comply with the appropriate accounting standards;
- give a true and fair view of the financial position and performance of the Company; and
- the opinion has been formed on the basis of a sound system of risk management and internal control has operated effectively.

EXTERNAL AUDITOR

The Company's external auditor attends the Annual General Meeting of the Company and is available to answer questions in relation to the audit. On an annual basis, the Audit and Risk Committee assesses the external auditor's independence by reviewing factors, such as the auditor's relationship with any Group entity, that may impair (or be perceived to impair) the external auditor's judgement or independence.

COMPANY POLICIES

CODE OF CONDUCT

The Company strives to act with honesty and integrity and to be a respected and valued broadcaster in the media sector and the communities in which it operates. The Board and the Company's commitment to ethical and responsible decision making is reflected in the internal policies, guidelines and procedures.

The Company promotes ethical and responsible behaviours for its directors, senior executives and employees through a Code of Conduct specifically applicable to Directors, and a Code of Conduct applicable to employees and senior management, as well as Directors, and a range of supporting internal policies and guidelines that apply to all companies within the Group. The Codes of Conduct are available on the Company website.

The Company also requires all employees to undertake regular online training covering topics that promote their understanding of ethical and safe work practices and conduct.

SECURITIES TRADING POLICY

In accordance with the ASX Listing Rule 12.9, the Company has a Securities Trading Policy, available on the Company's website, which outlines the key terms including "Closed Periods" during which Restricted Persons and their associates are not permitted to trade in Company securities. As required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by Directors in the securities of the Company.

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CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATIONS

The Company is committed to complying with its continuous disclosure obligations under the ASX Listing Rules and the *Act* and to ensuring that shareholders are kept informed of all major developments affecting the Company's state of affairs.

The Board has established policies and procedures to ensure that the disclosure obligations under of the ASX Listing Rule 3.1 and the *Act* are adhered to. These policies are outlined in the Continuous Disclosure Policy published on the Company website.

The Company has an established process for considering and releasing potentially price sensitive information to the market. Processes have been established to manage all disclosures relating to the release to the market of potentially price sensitive information.

The Company respects its shareholders and is committed to providing clear communications and information channels for all shareholders to allow them to effectively exercise their rights and remain informed about the Company and its operations. The Board aims to ensure that the shareholders are informed of all major developments affecting the Group's state of affairs. Communication of information to shareholders includes the following:

- the annual report and half year report is available to all shareholders on the Company's website, as are the Company's corporate governance policies including its Board and Committee Charters, Codes of Conduct, Securities Trading Policy, the Continuous Disclosure Policy and Diversity Policy;
- all price sensitive information disclosed to the ASX in accordance with the continuous disclosure requirements of the *Corporations Act* and the ASX Listing Rules is published on the corporate website in a timely manner after the release to the ASX has been confirmed;
- the ASX liaison is the Company Secretary;
- investors are able to make enquiries to the Company Secretary by email and the email address is disclosed on the Company website www.primemedia.com.au/investor-services;
- the Company holds annual and half year briefings for investors and analysts, with an opportunity for engagement with questions from analysts;
- the Board encourages full participation by shareholders at the Annual General Meeting and allows adequate time and opportunity for questions and discussion; and
- notices of all general meetings are sent to all shareholders and a copy is published on the Company's website.

The Company recognises that many shareholders appreciate the ease of electronic communications and gives shareholders the option to receive communications from, and send communications to, the Company and its security registry electronically.

In addition to communications with shareholders, the Company engages with other relevant stakeholders in meaningful ways. This involves responding to feedback and complaints received from viewers, engaging with local communities to provide news coverage that is relevant to them, engaging in industry-wide stakeholder meetings and discussions, and engaging with policy-makers on issues of relevance and importance to the business of the Company.

DIVERSITY

The Company recognises the benefits arising from workplace diversity and is committed to promoting a workplace that recognises and embraces the skills, perspectives and experiences that people bring to the Company through, among other things, their gender, age, ethnicity, religion, culture, disability, education, work experience, personality and area of residence, marital status, carer responsibilities and sexual orientation.

The Company's Diversity Policy is available on the Company website. The Board, in consultation with the Remuneration and Nomination Committee and management (where appropriate), is responsible for overseeing the implementation and monitoring of the Diversity Policy. The Diversity Policy is assessed by the Remuneration and Nomination Committee annually, and if considered necessary or desirable, the Diversity Policy may be amended.

The Board has established several measurable objectives relating to diversity initiatives in accordance with ASX Corporate Governance Recommendation 1.5(c) as follows:

- the Company's employment guidelines promote flexible work practices that assist employees, regardless of gender, to balance their work commitments with their family and other carer responsibilities;
- track the proportion of women in the company, the employee turnover by gender and employee turnover by age; and
- undertake a succession planning process below key management personnel (KMP) level.

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Initiatives that facilitate diversity for all employees include continued support for formal and informal flexible work practices, regardless of gender, that assist employees with balancing work with family, carer or other responsibilities. The Company's induction program seeks to educate managers and employees in equal employment opportunity, and training is provided to managers and staff on a bi-annual basis.

The Company's average full time equivalent (FTE) workforce gender demographics for the year ended 30 June 2019 are:

	Number of FTE women	Total number of FTE employees /officers	Proportion of FTE women
In the Company	189	360	53%
Non-Executive Directors on the Board	2	5	40%
Key Management Personnel	-	3	-%

In accordance with the requirements of the *Workplace Gender Equality Act 2012* (Cth) the Company lodged its annual compliance report with the Workplace Gender Equality Agency. A detailed breakdown of employees by gender and type is disclosed within the Company's 2019 Workplace Gender Equality report that is publicly available on the Company website.

During the 2019 reporting period there were 119 new appointments made, 59% of which were women. Furthermore, 11% of manager promotions or appointments were women and 89% were men. 74% of employees awarded promotions were women and 26% were men.

SUSTAINABILITY

The Company acknowledges that integrating sustainable growth into its strategy, business practices and decision making is essential to long term value creation and growth. The Company believes that the sustainability of its operations is intrinsically linked to the successful management of its financial, social and environmental risks, obligations and opportunities. We believe that companies who adopt sustainable practices are more likely to generate better long term returns and benefits for investors and stakeholders, both internal and external. This philosophy is embedded in the culture of the business and monitored to ensure critical business risks are carefully managed. The commitment to sustainable development is reflected in its corporate values and the Board and management are charged with establishing a business strategy that supports responsible decision making.

The key priorities for corporate sustainability are overseen by the Audit and Risk Committee, which is tasked with identifying and assessing potential risk. The Group's risk management process focuses on four core business categories:

- Strategy
- Financials
- Operations
- Compliance

Management is responsible for developing and updating a risk register through consultation with the Audit and Risk Committee and the Board. During the period, the Company sought to comply with AS/NZS ISO31000:2009 Risk Management to identify and manage risk. Certain specific risks are covered by insurance policies that the Company has in place.

The Board of Directors, as the Company's highest governance body, ensures that the strategic objectives outlined above are reflected in the organisation's operations in a way that facilitates long term growth by lifting audience share, ensuring financial soundness, attracting the highest calibre talent and maintaining strong customer relationships.

ENVIRONMENTAL EXPOSURES

The Board does not consider the Company to have significant material exposure to any economic, environmental or social sustainability risks. The Group is not subject to environmental regulations in respect of its operations and the Directors are of

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the belief that the Company has adequate systems in place for the management of its limited environmental requirements. The Group has not incurred any liability under environmental legislation during the reporting period.

PEOPLE AND CULTURE

In the media sector, the ability to attract and retain skilled people who can drive innovation is a key issue for sustainable long term growth and the Company is committed to attracting the highest calibre staff.

The Company promotes ethical and responsible behaviours for its employees through a Code of Conduct and a range of supporting internal policies and guidelines that apply to all companies within the Group and help foster a healthy and positive workplace environment.

The Company requires all employees to undertake regular online training covering topics that promote their understanding of ethical and safe work practices and conduct. The Company supports and encourages the personal and professional development of its workforce and employees are subject to annual performance reviews.

WORKPLACE HEALTH & SAFETY (WHS)

As a large Company with operations across Australia and staff located in multiple regions, employee WHS is of the utmost importance to the Company. The Company recognises that employee safety is paramount for long term success and therefore seeks to develop a culture of preventative workplace health and safety and take corrective action to address known health, safety, and employee well-being exposures.

The Company has in place a professional workplace behaviour training scheme for managers and staff, a discrimination and harassment policy, a bullying policy and WHS committees that help monitor workplace risk. Bi-monthly reports are prepared by all offices and a report prepared by the Human Resources Department sent to the CEO and executives for review. Major issues are reported to the Board immediately.

SOCIAL RESPONSIBILITY

Central to the Company's ongoing success is our reputation with audiences, shareholders, clients and the communities in which we operate. As a regional television broadcaster, the Company seeks to create strategic partnerships and maintain good relations with local communities. The Company makes a significant investment in local news programming and provides valuable community airtime sponsorships to support and assist community endeavours. The Group is a significant employer of regional Australians with offices stretching from the Gold Coast, throughout many major cities and towns in regional NSW and Victoria, and across regional Western Australia. We invest in, and support community partnerships, including:

- Regional Achievement and Community Awards – NSW/ACT, Victoria and Western Australia
- Kids Alive 2018
- Swags for Homeless
- Bowel Cancer 'don't wait until its too late'
- RSPCA
- SNAICC
- Royal Life Saving Australia
- RUOK Day
- Womens Health Diary
- Channel 7 Telethon (WA)
- Angel Flight
- Australian Red Cross
- Melanoma March
- Pause 4 Parkinsons
- 200 Bales