

CORPORATE GOVERNANCE STATEMENT

19 AUGUST 2015

The following disclosures and compliance statements are provided in accordance with the ASX Corporate Governance Principles and Recommendations and the NZX Corporate Governance Best Practice Code as at 19 August 2015. This corporate governance statement has been approved by the board.

BOARD OF DIRECTORS

Role of the Board

The board of directors oversees SKY's business and is responsible for its corporate governance. The board sets corporate policies and the strategic direction of the company and oversees management with the objective of enhancing the interests of shareholders. Management is responsible for the implementation of the corporate policies set by the board, as well as the day-to-day running of SKY's business including risk management and controls and liaising with the board about these matters.

Various information reports are sent to the board in order to keep them informed about SKY's business including reports during the year ended 30 June 2015 on the effectiveness of the management of material legal and business risks. Directors also receive operating and financial reports, and access to senior management at board and committee meetings.

Further information on board processes and procedures is set out in the company's annual report, Board Charter and Nomination and Remuneration Committee Charter. Board performance is reviewed and evaluated every two years in accordance with the process set out in the Nomination and Remuneration Committee Charter. No evaluation occurred during the financial period to 30 June 2015 as it is not due until the next financial period.

Delegations

To enable the effective functioning of the day-to-day business of the company, the board has delegated certain of its powers to SKY's Chief Executive and senior management. Those powers are set out in the company's Delegated Authorities Policy (with treasury management delegations set out in the Treasury Policy) and relate to how SKY employees are able to authorise any transaction with a financial implication, or to perform other functions relating to human resource matters or finance and legal matters. Specifically, board approval is required for:

- (a) any action or transaction that exceeds the limits delegated to the Chief Executive;
- (b) large sports contracts;
- (c) and transponder leases;

(d) appointing or removing authorized signatories to bank accounts, entering into overdraft facilities or similar credit arrangements, entering into loans, mortgages, debentures or other financial instruments or making investments or removing funds from investments.

There is no delegation to any person to raise capital or to specifically borrow money by any means whatsoever. Such transactions may only be performed with board approval. The board is responsible for monitoring those delegations and approving all changes to the Delegated Authorities Policy from time to time (the board may amend or withdraw delegations at its sole discretion at any time). All delegated authorities are exercised on the board's behalf in accordance with relevant company policies and procedures.

Membership, Term of Office and Independence

The board is comprised of the following:

Peter Macourt (Chairman)

Robert Bryden

John Fellet (Chief
Executive)

Derek Handley

Geraldine McBride

Humphry Rolleston

John Waller

Geraldine McBride and Derek Handley were appointed to SKY's board on 13 September 2013. John Waller was appointed to SKY's board on 23 April 2009. Humphry Rolleston was appointed to SKY's board on 8 September 2005. Robert Bryden, John Hart, John Fellet, and Peter Macourt were appointed to SKY's board on 2 May 2005 (this appointment date reflects the merger between the previous SKY company and Independent Newspapers Limited (INL) in 2005; this merger resulted in the current SKY company). John Hart was appointed to SKY's board on 2 May 2005 and retired on 24 October 2014.

Before appointing directors to the board, or putting candidates forward at annual meetings for re-election, the board ensures that appropriate checks are carried out to ensure candidates have the necessary skills to act for the company. The board has determined that all directors are independent, with the exception of John Fellet (the only executive director).

Skills

The aim of the board is to have a mix of skills represented on the board that are relevant to SKY's business. The skills matrix for the non-executive directors is set out below:

Skills and Experience							
<i>CEO/Former CEO or equivalent</i>	✓	✓	✓	✓	✓		
<i>Television industry</i>	✓	✓	✓				
<i>New media</i>	✓	✓	✓				
<i>Consumer experience</i>	✓	✓					
<i>Finance/Accounting/ Banking/Commercial</i>	✓	✓	✓	✓	✓	✓	
<i>Technology</i>	✓	✓	✓				
<i>International/Overseas</i>	✓	✓	✓	✓	✓		
<i>Entrepreneur</i>	✓	✓	✓				
<i>Public company governance</i>	✓	✓	✓	✓	✓	✓	✓

Meetings

The board has regularly scheduled meetings and also meets when a matter of particular significance arises. During the year between 1 July 2014 and 30 June 2015, there were eight scheduled meetings. Attendance was as follows:

	Meetings held while a director	Attendance
Peter Macourt	8	8
Robert Bryden	8	8
John Fellet	8	8
Derek Handley	8	8
John Hart ¹	1	0
Geraldine McBride	8	8
Humphry Rolleston	8	7
John Waller	8	5

Company Secretary

The Company Secretary is accountable directly to the board, through the Chairman, on all matters to do with the proper functioning of the board. The Company Secretary is Cherie Lawrence.

BOARD COMMITTEES

The board has established the following committees to act for, and/or make recommendations to, the full board on certain matters as described below. More information about each director (including their experience) is set out in SKY's 2015 annual report available at www.skytv.co.nz/investorrelations/corporategovernance.

Audit and Risk Committee

The audit and risk committee is responsible for overseeing the financial and accounting activities of SKY including the activities of SKY's auditors, accounting functions, internal audit programmes, financial reporting processes and dividend policies. The committee operates under a formal Audit and Risk Committee Charter and, in addition to its audit functions, is responsible for establishing and evaluating risk management policies and procedures for risk assessment. The Audit and Risk Committee Charter is available online at www.skytv.co.nz/investorrelations/corporategovernance. The board reviewed SKY's risk management framework during the reporting period to 30 June 2015. The current members of the committee, all of whom are independent non-executive directors, are John Waller (Chairman), Robert Bryden and Humphry Rolleston.

Nomination and Remuneration Committee

¹ Mr Hart retired from SKY's board on 24 October 2014.

The nomination and remuneration committee is responsible for providing recommendations regarding the appointment, compensation levels and evaluation of SKY's directors, chief executive officer and senior executives and overseeing SKY's general human resources policies, including remuneration. The current members are Peter Macourt (Chairman), John Waller and Robert Bryden.

Related Parties Committee

The related parties committee reviews significant proposed transactions between SKY and its related parties. Where the committee is satisfied that a proposed transaction is in SKY's best interests and on arm's length terms and/or in the ordinary course of SKY's business, it may either approve the transaction or recommend to the board that the transaction be approved. The current members are Peter Macourt (Chairman) and Humphry Rolleston.

Committee Meetings

During the year ended 30 June 2015:

- (e) the audit and risk committee met four times (Humphry Rolleston and John Waller attended three meetings and all other members were present at each meeting);
- (f) the nomination and remuneration committee met two times and all members were present; and
- (g) the related parties committee had no meetings.

NZX AND ASX CORPORATE GOVERNANCE BEST PRACTICE CODES

The board considers that SKY complies with the NZX and ASX corporate governance best practice codes, except in relation to the following matters;

Written agreements with Senior Executives (ASX Recommendation 1.3):

SKY has written agreements in place with directors and some of its senior executives. SKY is in the process of updating written agreements with other senior executives and will complete this process shortly.

Directors, Chairman and Board Committees Confirmation of Financial Statements (ASX Recommendation 4.2):

Each year SKY's chief executive officer and chief financial officer confirm in a written statement to the board that the financial statements are true and correct, although wording of that statements is not exactly the same as the wording set out in section 295A of Australian Corporations Act 2001.

Attending Audit and Risk Committee Meetings (NZX Recommendation 3.4):

SKY considers it appropriate that any non-executive director (whether or not a member of the committee) may attend audit and risk committee meetings without invitation, while executive directors should attend by invitation only.

ANNUAL GENERAL MEETING

SKY's annual general meeting will be held at 2pm on 21 October 2015 at Eden Park, Auckland. SKY's auditors will be in attendance.