



Board charter

Fairfax Media Limited

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Adopted by the Board on 12 October 2017

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1 Introduction

The Board of the Company has adopted this Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged, having regard to principles of good corporate governance and applicable laws.

This Charter includes an overview of:

- Board composition and process; and
- the relationship and interaction between the Board, Board Committees and management.

The Board Charter and the charters adopted by the Board for its standing Committees have been prepared and adopted on the basis that strong corporate governance can add to the performance of the Company, create shareholder value and engender the confidence of the investment market.

This Charter is to be reviewed by the Board as required and at least annually.

2 Board composition

2.1 Board composition and size

- The Board is appointed by the shareholders. Non-executive Directors are engaged through a letter of appointment.
- The Board determines the size and composition of the Board, subject to the terms of the Company's Constitution.
- It is intended that the Board should comprise a majority of independent Non-executive Directors and comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.
- The Board will review the skills, experience, expertise and diversity represented by Directors on the Board and determine whether the composition and mix remain appropriate for the Company's strategy.

2.2 Director independence

- The Board considers a Director to be independent where he or she is free of any interest, position, association or relationship that might influence, or might reasonably be perceived to influence, in a material respect his or her capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.
- The Board regularly reviews the independence of each Non-executive Director in light of information relevant to this assessment as disclosed by each Non-executive Director to the Board.

3 Board role and responsibilities

3.1 Board role

The Board's role is to:

- represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the processes, and financial and other resources the Company has in place to meet its objectives and reviewing management performance;
- protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and monitor compliance with the Company's culture and governance framework; and
- monitor that shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

3.2 Board responsibilities

The responsibilities of the Board include:

- contributing to and approving management development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management, internal control and legal compliance. This includes reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- appointing and reviewing the performance of the Chief Executive Officer (CEO);
- succession planning in relation to the CEO;
- evaluating the performance of the CEO;
- reviewing the remuneration of the CEO and taking into account the recommendations of the CEO, the remuneration of his or her direct reports;
- monitoring corporate performance and implementation of strategy and policy;
- developing and reviewing the Company's corporate governance policies and monitoring corporate culture, setting the tone from the top;
- approving major capital expenditure, acquisitions and divestitures, and overseeing capital management, including approving dividend payments;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- approving financial reports, profit forecasts and other reports required at law or under the ASX Listing Rules to be adopted by the Board;
- monitor with the goal of ensuring shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;
- evaluating, at least annually, the performance of the Board, its Committees and individual directors; and

- performing such other functions as are prescribed by law or nominated by the Board from time to time.

3.3 Director responsibilities

- Directors will act at all times with honesty and integrity and will observe the highest standards of ethical behaviour.
- Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.
- Directors will be expected to participate in all induction and orientation programs and any continuing education or training arranged for them.
- The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chair

4 Delegation of duties and powers

4.1 Delegation to Committees

- The Board from time to time establishes Committees to streamline the discharge of its responsibilities.
- The Board adopts a formal charter for each standing Committee setting out the matters relevant to the composition, responsibilities and administration of the Committee.
- The Board may also delegate specific functions to Committees on an 'as needs' basis.

4.2 Delegation to management

- While the Board retains ultimate responsibility for the strategy and performance of the Company, the day-to-day operation of the Company is conducted by, or under the supervision of, the CEO as directed by the Board.
- The Board approves corporate objectives for the CEO to work towards and, jointly with the CEO, develops the duties and responsibilities of the CEO.
- The management team (being the CEO and other officers to whom the management function is properly delegated by the CEO):
 - is responsible for implementing strategic objectives, plans and budgets approved by the Board; and
 - is accountable to the Board for matters within its delegated authority.
- Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.
- Directors are entitled to request additional information at any time when they consider it appropriate.

5 Board process

5.1 Meetings

- The Board will meet regularly and Directors will use all reasonable endeavours to attend Board meetings.
- Periodically, Non-executive Directors will meet without management present.
- The Company's Constitution governs the regulation of Board meetings and proceedings.

5.2 The Chair

- The Board will appoint one of its members to be Chair and may resolve to change the Chair.
- The Chair will be an independent Non-executive Director.
- The Chair represents the Board to the shareholders and communicates the Board's position.

5.3 The Company Secretary

- The Board will appoint at least one Company Secretary who is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, and all statutory and other filings.
- The Company Secretary is accountable to the Board on all matters to do with the proper functioning of the Board.
- All Directors will have direct access to the Company Secretary.

Attachment 1

Guidelines for the assessment of Independence of Directors

Without limiting the Board's discretion, and the need to take into account, the following guidelines assist in considering the independence of Directors. In general, the following will be indicative of Director independence if they:

- are not employed in an executive capacity by the Company or another group member, or, if they have been previously employed in an executive capacity by the Company or another group member, there has been a period of at least 3 years between ceasing such employment and serving on the Board;
- have not within the last 3 years been a partner, director or senior employee of a provider of material professional services to the Company or another group member;
- have not within the last 3 years been in a material business relationship (eg as a supplier or customer) with the Company or other group member or an officer of or otherwise associated directly or indirectly someone with such a relationship;
- are not a substantial shareholder of the Company, or officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;
- have no material contractual relationship with the Company or another group member, other than as a director of the Company;
- do not have close family ties with any person who falls within any of the categories described above;
- have not been a director of the entity for such a period that his or her independence may have been compromised; and
- are free from any other interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally.

Materiality thresholds

The Board will consider the materiality of the directors' interests, position, association or relationship for the purposes of determining 'independence' on a case by case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:

- The Board will determine the appropriate base to apply (eg revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider a holding of 5% or more of the Company's shares to be material.
- In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the

particular circumstance with respect to the independence of the particular director should be reviewed by the Board.

- Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the director's ability to act in the best interests of the Company.