

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

Name of entity

SOUTHERN CROSS MEDIA GROUP LIMITED

ABN / ARBN

91 116 024 536

Financial year ended:

30 JUNE 2016

Our corporate governance statement² for the above period above can be found at:³

- ☒ This URL on our website: <http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/09/Corporate-Governance-Statement-2016.pdf>

The Corporate Governance Statement is accurate and up to date as at 16 September 2016 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 19 September 2016

Name of Director or Secretary authorising lodgement: TONY HUDSON, COMPANY SECRETARY

¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/09/Board-Charter.pdf
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	... the fact that we have a diversity policy that complies with paragraph (a): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and a copy of our diversity policy or a summary of it: <input checked="" type="checkbox"/> http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/03/Diversity-Policy.pdf ... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and the information referred to in paragraphs (c)(1) or (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement AND <input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/07/WGEA-Public-Report-2016.pdf

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	... the evaluation process referred to in paragraph (a): <input checked="" type="checkbox"/> in our Corporate Governance Statement AND <input type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/03/Senior-Executive-Evaluation-Policy.pdf ... and the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE		
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	[If the entity complies with paragraph (a):] ... the fact that we have a nomination committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and a copy of the charter of the committee: <input type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2012/08/Nomination-Committee-Charter.pdf ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at page 31 of the 2016 Annual Report
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	... our board skills matrix: <input checked="" type="checkbox"/> in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY		
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement AND <input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2012/08/Code_of_Conduct_2012.pdf

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING		
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/06/Audit-Risk-Committee-Charter.pdf ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/about-us/the-leadership-team/ and at page 31 of the 2016 Annual Report
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement AND <input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/06/External-communications-policy.pdf
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/investors/governance/

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/06/External-communications-policy.pdf</p>
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/06/External-communications-policy.pdf</p>
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/06/External-communications-policy.pdf</p>
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK		
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/06/Audit-Risk-Committee-Charter.pdf</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement AND</p> <p><input checked="" type="checkbox"/> at page 31 of the 2016 Annual Report</p>

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: <input checked="" type="checkbox"/> in our Corporate Governance Statement AND <input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/06/Risk-management-framework.pdf and http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/06/Risk-management-policy.pdf ... and that such a review has taken place in the reporting period covered by this Appendix 4G: <input checked="" type="checkbox"/> in our Corporate Governance Statement
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: <input checked="" type="checkbox"/> in our Corporate Governance Statement AND <input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/06/Risk-management-framework.pdf and http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/06/Risk-management-policy.pdf
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input checked="" type="checkbox"/> in our Corporate Governance Statement
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	[If the entity complies with paragraph (a):] ... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2012/08/People-and-Culture-Committee-Charter.pdf ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> in our Corporate Governance Statement AND <input checked="" type="checkbox"/> at page 31 of the 2016 Annual Report

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u></p> <p><input checked="" type="checkbox"/> in the Remuneration Report commencing on page 32 of the 2016 Annual Report</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>AND</u></p> <p><input checked="" type="checkbox"/> at http://www.southerncrossaustereo.com.au/wp-files/uploads/2016/06/Securities-trading-policy.pdf</p>
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES		
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	Not applicable.
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	Not applicable.

For personal use only

MEDIA ENTERTAINMENT RADIO TV SOCIAL EVENTS DIGITAL

**CORPORATE
GOVERNANCE
STATEMENT
2016**



SOUTHERN CROSS AUSTEREO

absolutely engaging

SOUTHERN CROSS MEDIA GROUP LIMITED

CORPORATE GOVERNANCE STATEMENT

BOARD OF DIRECTORS	1
Composition of the Board	1
Board skills matrix	2
Board independence	2
Role of the Board	2
Chairman and Deputy Chairman	3
Delegation to CEO	4
Board meetings	4
Director appointment and re-election	4
Director induction	5
Board performance evaluation	5
Remuneration of non-executive directors	5
Independent professional advice	6
Company Secretary	6
BOARD COMMITTEES	6
Audit & Risk Committee	6
People & Culture Committee	6
Nomination Committee	7
EXECUTIVE REMUNERATION AND PERFORMANCE	7
RISK MANAGEMENT AND INTEGRITY OF FINANCIAL REPORTING	7
Risk management.....	7
Internal audit.....	8
Assurance	8
COMPANY POLICIES.....	9
Code of Conduct.....	9
Trading in company securities	9
External communications.....	9

SOUTHERN CROSS MEDIA GROUP LIMITED CORPORATE GOVERNANCE STATEMENT

SUSTAINABILITY	10
Economic sustainability.....	10
Environmental sustainability.....	10
Social sustainability	10

SOUTHERN CROSS MEDIA GROUP LIMITED

CORPORATE GOVERNANCE STATEMENT

The Board of Southern Cross Media Group Limited (**Company**) is responsible for the corporate governance of Southern Cross Austereo, comprising Southern Cross Media Group Limited and its subsidiaries (**Group** or **SCA**). The Board guides and monitors the business and affairs of the Group on behalf of shareholders, working with management to implement and maintain an effective system of corporate governance.

The key corporate governance practices are set out below, including summaries of relevant Company policies. The 2016 Annual Report, Company Constitution, Board Charter, Board Committee Charters, Risk Management Framework, Risk Management Policy, Code of Conduct, Securities Trading Policy, Senior Executive Evaluation Policy, Senior Executive Remuneration Framework, Non-executive Director Share Ownership Policy, Senior Executive Share Ownership Policy, Diversity Policy, and External Communications Policy are available on the Company's website www.southerncrossaustereo.com.au, under the Investors tab. This statement was authorised for issue by the Board on 16 September 2016. Unless specified otherwise, the information in this statement is current as at that date.

BOARD OF DIRECTORS

Composition of the Board

The Board is structured to add value to the overall corporate governance of the Group, in accordance with the Board Charter.

Membership of the Board and its Committees at 30 June 2016 is set out below. A profile of each director, including details of their skills, experience and expertise, is available in the Directors' Report in the 2016 Annual Report and on the Company's website.

Director	Membership Type	Length of Service (Years)	Audit & Risk Committee	People & Culture Committee	Nomination Committee
Peter Bush	Independent Chairman	1.3			Chair
Leon Pasternak	Independent			Chair	
	Deputy Chairman	10.8			
Grant Blackley ⁴	CEO/Managing Director	1.0			
Glen Boreham	Independent	1.8	Member		
Peter Harvie	Independent	4.9			Member
Rob Murray	Independent	1.8		Member	Member
Helen Nash	Independent	1.2	Member	Member	
Melanie Willis	Independent	0.1	Chair	Member	

Chris de Boer and Kathy Gramp were also directors during the year. Chris de Boer resigned with effect from 26 May 2016 and Kathy Gramp resigned with effect from 21 June 2016.

The Board underwent significant renewal over the 2015 financial year, through the appointment of five new independent directors and the Managing Director (each of whom were subsequently elected by shareholders at the 2014 and 2015 AGMs). This renewal continued in the 2016 financial year, with the appointment of another non-executive director. Six non-executive directors have resigned over the same two year period. The new directors have brought a highly relevant and diverse range of expertise to the Board table and are working well together as a team.

As a result of these changes, the average tenure of the Board at 30 June 2016 was 2.9 years (2015: 2.9 years; 2014: 5.9 years), with a median tenure of 1.5 years (2015: 0.8 years; 2014: 6.2 years). The average age of the Board at 30 June 2016 was 50 years (2015: 58 years).

Board skills matrix

Members of the Board have a broad range of qualifications, expertise and experience to enable the Board to effectively discharge its duties and to add value to its deliberations. The following matrix identifies the skills and experience of the Board that enable it to meet the current and future challenges of the Group:

Board skills and experience	Board members
Media expertise Expertise and experience in the media industry	4
Strategy Competency in development and implementation of strategic thinking	8
Executive leadership Successful leadership of large organisations	8
Governance Experience as a director of ASX listed businesses. Understanding of corporate governance, including ASX listing requirements, Corporations Act and relevant legislative framework	8
Financial acumen Expertise and experience in understanding finance and financial reporting, including financial risk management and risk frameworks	8
Marketing and sales Expertise and experience in marketing and sales (particularly advertising sales)	5
Acquisitions and divestments Experience in mergers, acquisitions and divestments	8
Debt and capital markets Experience in debt and capital structuring	6
Technology Experience in technology and technology projects	4
Regulatory and industry Involvement in regulatory reviews of media	4

Board independence

The Board assesses the independence of directors on appointment and annually thereafter. All directors are expected to bring independent judgment to bear on Board decisions and to act in the best interests of the Company and security holders generally. Relevant factors include whether a director:

- is independent of management and free of business or other associations that could materially interfere with, or reasonably be perceived to materially interfere with, the exercise of independent judgment;
- has been a director of the Group for such a period that independence may have been compromised.

The Board considers that all directors, except for Grant Blackley who is an executive director, are independent.

Role of the Board

The Board is responsible for the overall corporate governance of the Company. The Board's roles and responsibilities are formalised in the Board Charter.

Under the Board Charter, the responsibilities of the Board are:

- approving the Company's strategic objectives, policies and budgets;
- monitoring the Company's financial performance and operations, including approval of the annual and half year financial statements and reports;
- approving major investments and monitoring the return on those investments;
- appointing, determining the terms of appointment of, and removing the CEO, CFO and company secretary;
- monitoring the performance and development of the CEO and the Company's senior leadership team;
- overseeing the remuneration framework and succession planning for the CEO and the Company's senior leadership team;
- approving the Company's risk management and internal control framework, monitoring the efficiency and effectiveness of that framework including the risk appetite within which the Board expects management to operate;
- monitoring the Company's compliance with legal and regulatory requirements and ethical standards.

The following matters are reserved for the Board or its Committees:

- appointing, determining the terms of appointment and removing the Chairman;
- appointing, determining the terms of appointment and removing the CEO and CFO;
- appointing a director to fill a vacancy or as an additional director;
- establishing Board Committees, their composition, charters and authorities;
- approving dividends and dividend policy;
- issuing equity or equity-like instruments;
- approving expenditure in excess of monetary authority levels delegated to the CEO;
- convening meetings of shareholders;
- the remuneration of non-executive directors (subject to limits approved by shareholders), the CEO and any executive director;
- any change to the authority delegated by the Board to the CEO; and
- any other matter specified by the Board from time to time.

Chairman and Deputy Chairman

The directors vote among themselves to elect an independent non-executive director as the Chairman and, if they so choose, a Deputy Chairman. Peter Bush was appointed as Chairman upon his joining the Board on 25 February 2015. The Deputy Chairman of the Board is Leon Pasternak.

The Chairman leads the Board, fostering an open and collegiate culture to ensure the Board operates effectively. The Chairman is responsible for:

- promoting a constructive relationship between the Board and management through the CEO;
- managing the efficient organisation and conduct of the Board's functions and meetings;
- overseeing regular and effective evaluations of the Board's performance; and
- exercising other powers delegated by the Board from time to time.

The Deputy Chairman chairs Board meetings when the Chairman is absent or otherwise not able to do so and provides other support as required by the Chairman.

Delegation to CEO

As permitted by the Company's Constitution, the Board has delegated to the CEO all powers and authorities required to manage and control the day to day operation of the Company, except those powers and authorities reserved to the Board as described in this Charter or delegated to one of the Board's Committees. The Company's CEO and Managing Director is Grant Blackley.

The CEO leads the Company's management and is therefore responsible to the Board for:

- managing and controlling the day to day operations of the Company in accordance with the strategic objectives, policies and budgets adopted by the Board; and
- providing the Board with timely, accurate and clear information to enable the Board to perform its responsibilities.

Board meetings

Board meetings are scheduled approximately ten times per year, with other meetings called as required. Meetings attended by directors for the 2016 financial year are reported in the Directors' Report in the 2016 Annual Report.

Directors are provided with papers in advance of Board meetings, which contain sufficient information to enable informed discussion of all agenda items. Minutes of Board meetings are tabled and confirmed at the following Board meeting.

Director appointment and re-election

The Company's Constitution authorises the Board to appoint a new director, either to fill a casual vacancy or as an addition to the existing directors, provided the total number of directors is no more than nine. A director appointed by the Board holds office only until the close of the next Annual General Meeting (**AGM**), but is eligible for election by shareholders at that meeting.

The Company's Constitution specifies that all directors must retire from office no later than the third AGM following their last election. Where eligible, a director may stand for re-election.

All new directors are subject to appropriate screening prior to appointment. The Nomination Committee assists the Board in selecting candidates for appointment as a director.

When a candidate is standing for election or re-election, shareholders are provided with the following information to allow for an informed decision to be made on whether or not to elect or re-elect the candidate:

- biographical details of the candidate, including relevant qualifications, experience and skills;

- details of any other material directorships held by the candidate;
- any material adverse information revealed by the checks the Company has performed about the candidate;
- details of any interest, position, association or relationship that might influence in a material respect, or might reasonably be perceived to influence in a material respect, the candidate's capacity to bring an independent judgment to bear on issues before the board and to act in the best interests of the entity and its security holders generally;
- the term of office served by the candidate if a current director;
- if the Board considers the candidate to be an independent director, a statement to that effect; and
- a statement by the Board as to whether it supports the election or re-election of the candidate.

Director induction

The Company enters into a letter of appointment with each non-executive director. The letter sets out the Board's expectations for non-executive directors and the remuneration payable to non-executive directors. Each new director is invited to participate in an induction program, which includes meeting with other directors and members of the Company's senior leadership team to gain a greater understanding of the business.

Directors are provided with opportunities to participate in any continuing education programs organised for the Board to develop and maintain the skills and knowledge needed to perform their role. This may take the form of presentations by management or external parties on responsibilities of directors, the industries in which the Company operates and other matters.

Board performance evaluation

The Chairman oversees regular evaluations of the performance of individual directors, Committees and the Board. Following completion during the year of the Board's renewal process, the Board carried out a self-evaluation using a tailored checklist along with a review of most of the Board's charters and policy documents. No material changes were made to the Board's operations as a result of these processes, although the areas of focus and compositions of the Board's Committees were adjusted, new Board policies were introduced (including share ownership policies for non-executive directors and senior executives) and several other Board policies were updated.

Remuneration of non-executive directors

The Chairman and the Deputy Chairman receive a fixed aggregate fee. Other non-executive directors receive a base fee for acting as a director and additional fees for participation as chair or as a member of the Board's committees. Non-executive directors do not receive performance-based fees and are not entitled to retirement benefits as part of their fees.

The maximum annual aggregate fee pool for non-executive directors is \$1,500,000. This was approved by shareholders at the 2011 Annual General Meeting.

Following consideration of an independent benchmarking report prepared by KPMG, the Board's base and committee fees were increased by 6% in FY2017, the first time since 2011 that these fees have been adjusted. Fees will be increased in subsequent years by 3%, with a benchmarking report to be obtained again in three years' time. The number of non-executive directors reduced from eight to seven during the year and the aggregate remuneration of non-executive directors in FY2017 will be less than in FY2016. Further details of the remuneration paid to non-executive directors is provided in the Remuneration Report.

Independent professional advice

The Charters of the Board and its Committees set out procedures for directors to obtain independent professional advice at the Company's expense.

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.

BOARD COMMITTEES

Audit & Risk Committee

The members of the Audit & Risk Committee are Melanie Willis (Chair), Glen Boreham and Helen Nash. Details of meetings held during the year and attendance by Committee members are set out in the Directors' Report in the 2016 Annual Report. The Committee is governed by the Audit & Risk Committee Charter, which was updated during the year.

The Audit & Risk Committee assists the Board in its oversight of the:

- integrity of the financial reporting of the Company;
- making of informed decisions regarding accounting policies, practices and disclosures;
- tax strategy and management of the tax risk of the Company;
- effectiveness of the Company's risk management framework; and
- appointment, independence, performance and remuneration of the external auditor and the integrity of the audit process as a whole.

People & Culture Committee

The members of the People & Culture Committee are Leon Pasternak (Chair), Rob Murray, Helen Nash and Melanie Willis. The name of this Committee was changed from the Remuneration Committee in December 2015. Details of meetings held during the year and attendance by Committee members are set out in the Directors' Report. The Committee is governed by the People & Culture Committee Charter, which was updated during the year.

The People & Culture Committee assists the Board in its oversight of management activities in:

- developing and implementing strategies aimed at improving the organisation's culture and diversity, consistent with the organisation's values;
- undertaking executive development, succession and talent management programs and activities;
- promoting a healthy and safe working culture for the Company's employees, contractors, audience members, clients and visitors;
- providing effective remuneration policies aligned with creation of value for shareholders, and having regard to applicable governance, legal and regulatory requirements and industry standards;
- reporting to shareholders and other stakeholders according to applicable standards.

Nomination Committee

The members of the Nomination Committee are Peter Bush (Chair), Peter Harvie and Rob Murray. Details of meetings held during the year and attendance by Committee members are set out in the Directors' Report in the 2016 Annual Report. The Committee is governed by the Nomination Committee Charter, which was updated during the year.

The Nomination Committee assists the Board on:

- Board composition and succession planning;
- director performance evaluation processes and criteria; and
- succession planning for senior executives.

EXECUTIVE REMUNERATION AND PERFORMANCE

The Board has adopted a Senior Executive Remuneration Framework. The Framework aims to ensure that reward for performance is competitive and appropriate for the results delivered, aligning executive reward with achievement of strategic objectives and the creation of value for shareholders, consistent with market practice for delivery of reward.

Information about the Company's remuneration policies and practices for the CEO and other senior executives, and their remuneration during the 2016 financial year, is set out in the Remuneration Report in the 2016 Annual Report.

In accordance with the Board's Senior Executive Evaluation Policy, the performance of the CEO is reviewed at least annually by the non-executive directors and the CEO at least annually reviews the performance of all other senior executives. Performance is evaluated against personal and corporate goals. As outlined in the Senior Executive Remuneration Framework, these goals are allocated to three categories having regard to the Company's business strategy: profitability and financial performance (40%), high level operational improvements (40%) and cultural and behavioural influences (20%).

Led by the Chairman and the Chairman of the People & Culture Committee, the Board conducted an evaluation of the CEO's performance and reviewed the CEO's evaluation of his direct executive reports during the year. The outcome of those evaluations for the purposes of the Company's executive short term incentive plan is reported in the Remuneration Report.

During the year, the Board adopted a Senior Executive Share Ownership Policy, requiring the Company's senior leadership team to retain a portion of any shares allocated to them under the Company's Long Term Incentive plan.

RISK MANAGEMENT AND INTEGRITY OF FINANCIAL REPORTING

Risk management

The Board has adopted a Risk Management Framework and a Risk Management Policy. These documents are reviewed annually and were updated during the year. They establish a holistic approach to risk management that promotes an integrated and informed view of risk exposures across the Company. The framework is the total of systems, structures, policies, processes and people within the Company that identify, assess, control and monitor all sources of risk that could have an impact on the Company. The aims of this framework are to provide management with

- an integrated framework to effectively manage uncertainty and obligations, respond to risks, as well as capitalise on opportunities as they arise.
- minimum standards for the governance, processes and tools required to administer the requirements of the Risk Management Policy.

- the ability to manage risks across the Company by providing accurate and timely reporting on the profile of risks and controls across the Company.

The Audit & Risk Committee assists the Board in overseeing the risk management framework and any matters of significance affecting the Company's financial reporting and internal controls.

The Company has adopted the following categories of risks that affect its activities:

- strategy and planning
- brands and content
- sales and distribution
- infrastructure
- governance, risk and compliance.

The Company's management team has responsibility for the day-to-day implementation of the risk management framework and internal controls within the Company. Each risk is allocated to a risk owner with direct responsibility for managing that risk, including implementing mitigation strategies and escalation to senior management if required. Management reports regularly to the Board through the CEO on the status of the Company's material business risks. Risks rated High or Very High are reviewed at each Audit & Risk Committee meeting.

The current High or Very High risks and the mitigation strategies in place are outlined under Material Risks in the Review and Results of Operations in the 2016 Annual Report.

Internal audit

The Company has not implemented an internal audit function. The Board believes that the nature of the Company's operations currently do not require this to be instigated as a separate function to those functions undertaken by the external auditors and the Audit & Risk Committee.

Assurance

The CEO and CFO have declared in writing to the Board that:

- financial records have been properly maintained in that they correctly record and explain the Company's transactions, and financial position and performance, enable true and fair financial statements to be prepared and audited; and are retained for seven years after the transactions covered by the records are completed;
- the financial statements and notes required by the accounting standards for the financial year comply with the accounting standards;
- the financial statements and notes for the financial year give a true and fair view of the Company's financial position and performance;
- any other matters that are prescribed by the Corporations Act and regulations as they relate to statements and notes for the financial year are satisfied; and
- in accordance with section 295A of the Corporations Act, in their view the financial statements 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 Audit & Risk Committee is responsible for maintaining open lines of communication between the Board, management and the external auditors so as to enable information and points of view to be freely exchanged.

The auditor attends the Company's AGM and is available to answer security holder questions on the conduct of the audit, and the preparation and content of the auditor's report.

COMPANY POLICIES

Code of Conduct

The Company's Code of Conduct sets out principles and standards that apply to all directors, employees and certain contractors and consultants. The Code of Conduct was refreshed and updated in June 2016.

The Code of Conduct is underpinned by a range of more specific policies that set out the Company's expectations, practices and procedures for directors, employees and certain contractors and consultants. These policies are made available through the Company's employee intranet and, where applicable, to contractors and consultants. Induction and periodic training is provided to all employees on key policies relating to workplace health and safety and radio and television codes of practice.

The Company does not have a whistleblowers policy. However, the Company has detailed grievance procedures that have proved effective for investigation and resolution of issues that arise in the workplace or in relation to the way in which the Company conducts its business.

Trading in company securities

The Company has a Securities Trading Policy, which was updated in June 2016. This policy prohibits directors and certain executives from dealing in the Company's securities during certain "blackout periods" leading up to announcement of the Company's half-year and annual results and the Company's AGM. A blackout period may also be declared where directors and executives are in possession of price-sensitive information that is not generally available (and is not required to be disclosed to ASX under the ASX Listing Rules and the Corporations Act).

The Securities Trading Policy also provides a summary of the "insider trading" provisions of the Corporations Act so that all employees are aware of their obligations not to deal in the Company's securities (or the securities of any other entity) while in possession of price-sensitive information that is not generally available.

The Securities Trading Policy provides that directors and executives may not engage in hedging arrangements, deal in derivatives or enter into other arrangements which vary economic risk related to the Company's securities including, for example, dealing in warrants, equity swaps, put and call options, contracts for difference and other contracts intended to secure a profit or avoid a loss based on fluctuations in the price of the Company's securities.

External communications

The Board updated its External Communications Policy during the year. This policy outlines how the Company manages external communications, including to ensure compliance with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act and to appropriately manage communications with the investment community, media, media regulatory agencies, industry bodies and shareholders.

Communications with shareholders occur through ASX announcements, the annual report and half-yearly update, investor roadshows and briefings. All information disclosed to the ASX is posted on the Company's website. Investors are encouraged to attend the AGM, which will be held in October 2016. For formal meetings an explanatory memorandum on the resolutions is included with the notice of meeting. If investors cannot attend formal meetings, they are able to lodge proxy forms by post or fax or to complete an online proxy form.

The Company gives its shareholders the option to receive communications from, and send communications to, the Company and its securities registry electronically.

SUSTAINABILITY

The Company's exposure to economic, environmental or social sustainability risks and how it manages or intends to manage those risks are summarised below.

Economic sustainability

Business and operational risks that could affect the achievement of the Group's financial prospects include:

- breach of banking covenants;
- significant breach of an Australian Communication and Media Authority code or licence conditions;
- decline in or loss of audience share leading to a loss of revenue; and
- threat of digital media (including television, radio, social) - emergence and convergence.

These risks and the mitigation strategies are outlined under Material Risks in the Review and Results of Operations in the 2016 Annual Report.

Environmental sustainability

The Company does not have any material environmental risks and is not required to report under the *National Greenhouse and Energy Reporting Act*.

The Company is progressively rolling out a capital expenditure program to replace older, less efficient radio and television transmitters with newer, more efficient transmitters. This program has resulted in significant improvements in power usage, with some sites achieving a 50% reduction in power usage. Air conditioning systems at communications and transmission sites are also undergoing a replacement program to implement more energy efficient systems.

Social sustainability

Our values

The Company continues to embed the corporate values that were refreshed in 2015. These values represent the expectations the Company and its people have for themselves and each other, and they guide day-to-day decisions and the way employees behave:

- **We COLLABORATE:** We work as a team. Together, we deliver our best.
- **Take INITIATIVE:** Each of us is responsible for exceeding expectations. We go the extra mile.
- **Maximise CREATIVITY:** We lead with fresh thinking. We create winning ideas.
- **Have COURAGE:** We always show strength and spirit. We stand up for our beliefs and each other.
- **Act with INTEGRITY:** We do what's right and act with transparency and honesty. We deliver on our promises.

Our people

The Company aims to be the place where the best talent, both on and off-air, want to work to deliver great content and sustainable financial returns for shareholders. Across all its media platforms, the Company aims to deliver the most creative and engaging content, and it is therefore vital that the Group continues to attract and retain talented people whilst also delivering value for money for our listeners, audiences, clients and shareholders.

To help our people kick-start and develop their careers in media, the Company has for some years run traineeship programs in broadcast engineering (leading to a TAFE Certificate III in Electronics and Communication) and radio production, as well as regional radio boot camps. A series of digital boot camps was also run during the year. These programs offer hands-on experience and training alongside the Company's own expert engineering, technical, production and content teams.

The Company was proud during the year to start a partnership with Charles Sturt University to build the future talent base for regional commercial radio. The Company will identify young talent in local communities and commit to endorse and mentor them as potential talent for regional radio, while Charles Sturt University will admit them into the Commercial Radio Australia accredited Bachelor of Communication (Radio) degree program. The initiative is designed to increase the number of young professionals who train as multi-skilled commercial radio practitioners and continue their careers in their regional community of origin.

The Company proactively identifies and develops potential future leaders and other individuals to fill other business critical positions. This succession planning process includes design of development plans to build required experience and capabilities and setting of clear performance measures are aligned to the Company's strategic direction.

Those identified through this process are placed on personal development programs to further build skills and capabilities in preparation for future leadership or business critical roles.

At the date of this statement, the Company is in the midst of its annual employee survey. This year's survey, which will be completed during October 2016, will include an audit of the Company's culture. After completion of the survey, specific action plans will be developed to respond to the survey outcomes and implementation of these action plans will be included in the performance measures of relevant executives.

Diversity

Recognising that the Company's business performance is enhanced by a diverse workforce where all employees are treated with respect and fairness and have equal access opportunities available to them, the Board has adopted a Diversity Policy. The Company aims to attract and retain employees with a range of backgrounds, experience, knowledge and abilities.

To serve this aim, the Company this year established a Diversity Committee chaired by the CEO and with the following charter:

Diversity contributes to our business success and benefits individuals, teams, clients and the community.

We are committed to advancing equal opportunity and recognise the value of attracting and retaining a diverse workforce including different cultural backgrounds, gender, experience, knowledge, thinking and abilities where everyone can give their best.

The Diversity Committee is considering a range of initiatives including the benefits of greater cultural and language diversity into the Company's content and sales teams to address broader listening and advertising market segments.

Whilst all areas of diversity are critical to business success, the Company continues to focus on gender diversity. The Company actively promotes women returning to the workforce following parental leave, with 78% of all women who commenced Parental Leave within the past 12 months returning on a flexible working arrangement. Fifteen percent of the total female workforce are currently on flexible working arrangements, enabling them to successfully manage their career and family life through a practical work-life balance.

The table below sets out the gender composition of the Company's Board and workforce, along with the targets set by the Board. As part of the Company's commitment to diversity at all levels of the organisation, the Chairman joined as a member of the the Australian chapter of the 30% Club during the year.

SOUTHERN CROSS MEDIA GROUP LIMITED

CORPORATE GOVERNANCE STATEMENT

Gender composition within the Company as at 30 June 2016

Category	Board target for females by 30 June 2017	Actual female	Actual male
Board	30%	28%	72%
Senior management roles	40%	21%	79%
Middle management roles	50%	47%	53%
Workforce	50%	50%	50%

Senior management is defined as being part of the National Executive Team, comprising 21 employees at 30 June 2016. Middle management roles refer to all other roles that have "manager" in their title.

In accordance with the requirements of the *Workplace Gender Equality Act 2012* the Company lodged its annual 2016 compliance report with the Workplace Gender Equality Agency. A copy of the report is available on the Company's website under the Investors tab.

Our role as a broadcaster

The Company adheres to applicable laws, as well as codes of practice, relating to broadcasting of commercial television and radio programs to ensure broadcast material takes account of prevailing community standards while promoting responsible freedom of speech. The Company provides training to on-air, production and other staff regarding its broadcasting responsibilities and has established comprehensive internal procedures to ensure that complaints about broadcast material are properly investigated and responded to and, where necessary, to ensure that corrective action is taken.

As a local media organisation, the Company acknowledges its role in the fabric of regional and rural communities. The Company's local news services on radio and television keep communities up to date on the issues that matter to them, as well as providing local skilled jobs, promoting local events, supporting local businesses, providing local advertising opportunities and supporting local charities and community initiatives. In consultation with emergency and essential services organisations, the Company maintains procedures to broadcast warnings and information from emergency and essential services organisations where there is an existing or threatened emergency.

Partnering with the community

The Company is a proactive contributor to the community. This is primarily through the annual *Give Me Five for Kids* campaign, which raises funds for children's hospitals and children's wards in regional Australia. For the third year in a row, this campaign raised over \$2 million. Supported by the volunteer spirit of our workforce, over 95% of these funds will be donated to charities.

The Company has also recently announced new partnerships for two years with OzHarvest, Black Dog Institute and CanTeen which have causes aligned with the values and demographic profile of our brands, audience and employees. The Company looks forward to contributing its significant media assets and workforce to help these organisations to grow and develop their charitable activities.

The Company provides a range of other facilities to regional communities. These include *My Community Connect* (an online event registry) and *My Local Auction* (an online auction service) and supports these through the Company's media assets.