

Corporate Governance Statement

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The following disclosures and compliance statements are provided in accordance with the NZX Corporate Governance Code (dated 1 April 2023) (NZX Code). This corporate governance statement is current as at 24 August 2024, and has been approved by the Board. All key governance policies and charters referred to below are available on Sky's website www.sky.co.nz/investor-centre/corporate-governance.

Sky changed its ASX admission category from a standard ASX Listing to an ASX Foreign Exempt Listing with effect from 19 July 2024. The change means that Sky is primarily regulated by its home exchange, the NZX, and is exempt from complying with most of the ASX's Listing Rules. Sky continues to have a full listing on the NZX Main Board and to be listed on the ASX. The change in admission category delivers a reduction in compliance related costs and procedural efficiencies and does not affect shareholders' ability to trade their shares on the ASX.

NZX Corporate Governance Best Practice Codes

The NZX Code sets standards for effective corporate governance in New Zealand and Sky is committed to reporting against these standards. The Board considers that Sky has complied with the NZX corporate governance best practice code in all material respects during the 2024 financial year.

1. A culture of acting lawfully, ethically and responsibly

Directors should set high standards of ethical behaviours, model these behaviours, and hold management accountable for delivering these standards throughout the organisation.

Statement of Values

Sky's values were developed through a collaborative workshop process, led by Sky Culture Champions and endorsed by the Board. Collectively, the values "Be Yourself", "Create Something Amazing" and "Make Someone's Day" create a common understanding of the expectations directors, executives and employees have of each other and themselves.

Code of Ethics

Sky has a Code of Ethics which provides a practical set of guiding principles for a code of ethical behaviours in respect of various matters including conflicts of interest, gifts and entertainment, corporate opportunities, confidentiality, insider trading and dealing with corporate assets, in addition to emphasising the requirement to comply with applicable laws and regulations.

The Code of Ethics applies to Sky's directors, senior executives, employees and other persons representing Sky or engaged to carry out work for Sky, and is available on Sky's website. All potential breaches of the Code of Ethics are to be notified to Sky's Chief Financial Officer or Chief Executive (or the Chair of the Sky Board of Directors if the Chief Financial Officer or Chief Executive are potentially implicated), and any material breaches will be notified to the Board. No breaches were notified in FY24.

Sky managers are responsible for providing appropriate and regular training and ensuring that all Sky employees are aware of and adhere to Sky's Code of Ethics.

Sky is in the process of designing a Conduct and Ethics framework, with input from internal stakeholders to clearly set out the expectations regarding behaviours of its people and stakeholders throughout the business. Sky anticipates that this framework will be adopted during the course of FY25. Sky's Code of Ethics will be updated where necessary to reflect this framework and Sky will provide training sessions for all employees on the new framework and revised Code of Ethics.

Whistleblowing/Protected Disclosures

Sky's Protected Disclosures Policy (or Whistleblower Policy) provides a process for staff and any other persons to report any serious wrongdoing and gives protection to the person making the disclosure in accordance with the policy. The policy outlines types of behaviour that may be considered serious wrongdoing, when and how a person can make a disclosure and how they are protected. This includes access to an independent third party, qualified to provide comprehensive advice and access to support. No allegations were made in FY24.

A review of the policy and underlying processes was undertaken in 2024 to review and strengthen the framework and ensure Sky's procedures continue to reflect best practice and compliance with the Protected Disclosures (Protection of Whistleblowers) Act 2022 introduced in July 2022. To ensure independence and enhance our internal promotion of the service this review was outsourced to Deloitte.

The Protected Disclosures Policy is posted on Sky's website. Any material incidents reported under the Policy will be notified to Sky's People and Performance Committee and/or the Board and this process is formalised in the Protected Disclosures Policy.

Securities Trading

Sky has a formal Securities Trading Policy, which is posted on Sky's website. Sky's Securities Trading Policy includes robust procedures to minimise the risk of insider trading. The policy outlines that directors, officers, employees and contractors of Sky may not buy or sell securities in Sky, nor may they tip off others, while in the possession of material information which is not generally available to the market.

Additional restrictions apply to key management personnel who are prohibited from trading during prohibited periods (other than in exceptional circumstances) and must at all times (including outside prohibited periods) obtain written consent to trade from the Chief Financial Officer, Chair of the Board or the Chair of the Audit and Risk Committee (as applicable).

Sky's Securities Trading Policy affirms the law relating to insider trading contained in the Financial Markets Conduct Act 2013 and the Australian Corporations Act 2001 (Cth).

Anti-bribery and Corruption Policy

Sky introduced an Anti-Bribery and Corruption Policy during the 2022 financial year to specifically set the minimum standards of conduct expected of Sky (including its directors, senior managers, employees, contractors and consultants or any other person who represents Sky or is engaged to carry out work for Sky and its subsidiaries) to ensure Sky complies with all relevant anti-bribery and corruption legislation in all jurisdictions in which it operates or has dealings. This policy builds on the existing strong framework established through Sky's Code of Ethics to reinforce Sky's standards, including appropriate controls around offering and accepting gifts or entertainment.

Breaches of the Anti-Bribery and Corruption Policy must be reported to the Chief Executive, and the Board will be informed of any material incidents of bribery or corruption. No breaches of the Anti-Bribery and Corruption Policy were reported during the 2024 financial year.

Modern Slavery

Sky filed its third Modern Slavery Statement covering the period 1 July 2022 to 30 June 2023 with the Australian Border Force (under the Modern Slavery Act 2018 (Australia)), with the next filing due by 31 December 2024.

Throughout the 2024 financial year, Sky has continued to strengthen its efforts to reduce the risk of modern slavery practices across the Group's operations and supply chain. This has been achieved by proactively identifying and managing suppliers identified as being potential risks. In particular, Sky has further integrated the Supplier Code of Conduct into its procurement process, has deployed an enhanced Supplier Risk Assessment and upgraded its supplier data, affirming Sky's commitment to ethical, responsible and sustainable business conduct.

The next steps in this work will be to further engage with key suppliers to ascertain their ability to assess and address their modern slavery risks. All learnings from this process will be incorporated into Sky's Procurement Policy, processes and supplier management practices.

During the 2024 financial year, Sky provided enterprise-wide staff Procurement Training utilising the new Human Resources Information Portal (ELMO).

Sky is monitoring the progression of New Zealand's modern slavery legislation and remains committed to aligning its practices with any new regulatory requirements that may arise.

2. Board composition and performance

To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Board of Directors – Composition

Sky's Board is appointed or ratified by the shareholders of Sky by ordinary resolution. The NZX Listing Rules provide for a minimum of three directors, and Sky's constitution provides for a maximum of ten directors. As at 30 June 2024, the Board consisted of six directors whose relevant skills, experience and expertise are outlined in their biographies on page 45.

The Board operates under a written charter (Board Charter), which sets out the respective roles and responsibilities of the Board, the Chair and management, and (together with the delegated authorities policy) those matters expressly reserved to the Board and those delegated to management. A copy of the Board Charter is available on Sky's website.

Nomination and Appointment

The Board considers the Board's skills, experience and diversity when evaluating potential board candidates. The objective is to have a mix of skills represented on the Board that are relevant to Sky's business and strategy. The Board is also responsible for board succession planning generally.

The Board may appoint directors to fill casual vacancies that occur or add persons to the Board up to the maximum number prescribed by Sky's constitution. At each annual meeting all directors appointed by the Board since the last annual meeting must retire and seek re-election, if eligible. Directors must not hold office (without re-election) past the third annual meeting following the director's appointment or 3 years, whichever is longer.

As at 30 June 2024 the Board is comprised of:

	Appointed
Philip Bowman Independent Chair	1 September 2019
Keith Smith Independent Director and Deputy Chair	21 April 2020
Mike Darcey Independent Director	19 September 2017
Dame Joan Withers Independent Director	17 September 2019
Mark Buckman Independent Director	21 March 2022
Belinda Rowe Independent Director	1 March 2023

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 Sky. Material information that is relevant to a decision on whether or not to elect or re-elect the director is provided to shareholders. Written agreements are in place with each Board member and senior executive setting out the terms of their appointment.

New Board members receive induction training to gain an understanding of Sky's business and operations including its financial, strategic and risk management position as well as a director's rights, duties and responsibilities, the role of the Board, the Board committees and the executive management team. It is expected that all directors will be required to stay informed of changes to, and emerging issues in, director duties and responsibilities. In addition, visits to specific company operations, when appropriate, and briefings from key executives and industry experts will be arranged.

The Board will periodically review whether there is a need for existing directors and/or the Board as a whole to undertake professional development to maintain the skills and knowledge to perform their roles as directors effectively and to deal with new and emerging business and governance issues. Sky will reimburse directors for reasonable costs incurred in attending appropriate conferences and training courses.

Sky ensures that a majority of its Board are independent directors and that the role of Chair of the Board and Chief Executive are separate. At 30 June 2024 all of the directors of Sky were independent directors, having regard to the factors in NZX Recommendation 2.4 (none of which apply to the directors of Sky). The Chair of Sky's Board is Philip Bowman, an independent director (and is not the Chief Executive of Sky).

Delegations

To enable the effective functioning of the day-to-day business of Sky, the Board has delegated certain of its powers to Sky's Chief Executive and senior management. Those powers are set out in Sky'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:

- any action or transaction that exceeds the limits delegated to the Chief Executive; and
- appointing or removing authorised signatories to bank accounts, entering into overdraft facilities or similar credit arrangements, or entering into loans, mortgages, debentures or other financial instruments.

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 and the Treasury 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.

Meetings

The Board has regularly scheduled meetings and also meets when a matter of particular significance arises. During the year between 1 July 2023 and 30 June 2024, there were 11 Board meetings. Attendance was as follows:

	Board meetings held while a director	Attendance at Board meetings
Philip Bowman	11	11
Keith Smith	11	11
Mike Darcey	11	11
Dame Joan Withers	11	11
Mark Buckman	11	11
Belinda Rowe	11	11

Role of the Board

The Board oversees Sky's business and is responsible for its corporate governance. The Board sets corporate policies and the strategic direction of Sky 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 financial year ended 30 June 2024 on the effectiveness of the management of material legal and business risks. Directors also receive operating and financial reports, and have access to senior management at Board and committee meetings.

Directors Skills and Experience

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 directors is set out below:

● Primary skills ○ Secondary skills

Skills attribute	Philip Bowman	Dame Joan Withers	Keith Smith	Mike Darcey	Mark Buckman	Belinda Rowe
Pay Television and Media Industry – including experience in overseas markets	●	●	●	●	●	●
Strategic content partnerships	○		○	●	●	●
Customer Experience development	○	●	○		●	●
Technology, Data and Innovation	●	○		○	●	●
Public Company Governance including Risk and Sustainability Management	●	●	●	○	●	●
Finance/Accounting and Commercial including Corporate Transactions	●	○	●	●	○	○
CEO and Executive Experience	●	●	○	●	●	●
People Management and Culture	●	●	○	○	●	●

Board Performance

Board performance, including the performance of Board committees and individual directors, is reviewed and evaluated periodically and as the need arises in accordance with the process set out in the Board Charter. A formal evaluation exercise was initiated during the 2024 financial year.

Executive Performance

Executive performance is reviewed and evaluated on a continual basis by the Board and Chief Executive, and periodically as the need arises, in accordance with the People and Performance Committee Charter and the Remuneration Policy, and more formally, annually at financial year end. Executive performance is assessed as input into annual salary reviews and through participation in Sky's short-term incentive (STI) and long-term incentive (LTI) scheme. The components of Sky's STI and LTI scheme consider in the first instance a participation gateway regarding Health and Safety performance.

Assessment criteria for the STI and LTI are set out in the Remuneration section on pages 54-58. A formal evaluation of senior executive performance for the 2024 financial year has been undertaken following the completion of that period.

Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is Kirstin Jones.

Independent Advice

Sky has a procedure for Board members to seek independent professional advice at Sky's expense (as set out in the Board Charter).

Diversity

Sky recognises diversity and inclusion as a strategic asset for Sky's current and future success. Sky values diversity of gender, age, ethnic and cultural background, sexuality, experience and beliefs. Sky's Board and management believe that an organisation that reflects the diversity of its current and future customers will be able to deliver better, more personalised customer experiences, and customer value, to continue to grow successfully, and to attract and retain the best talent.

Sky's commitment to both diversity and a company environment of inclusivity where all crew know they belong is reflected in Sky's Diversity and Inclusion Policy, which is reviewed annually. Sky believes that a diverse workforce supports an inclusive culture. This starts with inclusive recruitment practices including the way we advertise.

The Board acknowledges the importance of diversity both on boards and within companies, and as noted in Sky's Board Charter. This is one of the characteristics that is considered when evaluating new director candidates. As at 30 June 2024, Sky's Board has two female directors and four male directors.

Sky's officers (being a person who is concerned or takes part in the management of Sky and reports to the Board, or to a person who reports to the Board) includes four female officers and three male officers. The appointment of an additional female officer was announced in June 2024, with this person due to commence employment with Sky during the 2025 financial year. The officers include the Chief Executive and the members of Sky's Executive Leadership team who report directly to the Chief Executive.

Sky's diversity metrics include gender balanced leadership. Under Sky's Champions for Change partnership, Sky is committed to our measurable objectives in this area of 40% men, 40% women and 20% of either gender in our senior leadership cohort. Sky achieved these targets in FY24 with 53% female senior leaders and 47% male senior leaders.

As set out on page 39, Sky has committed to embedding the principles of te ao Māori into everyday life at Sky. In addition to this commitment, Sky has focused on three inclusion priorities of Gender Balance, Pasifika and Pride in FY24.

The Kia Rere programme sets the strategic direction for Sky to normalise te reo, tikanga and Māori leadership on air, with Sky's people and in the community. Sky has fostered an authentic approach to Māori & Pasifika employee impact through the Kuaka leadership development programme, and by making indigenous cultures more visible to all crew through company-wide events and communication.

Sky's approach to workplace inclusion ensures appropriate enablement mechanisms are in place for all crew to demonstrate leadership that celebrates diversity and strengthens unity. Sky is a Pride Pledge Gold supporter and has undertaken employee education and awareness raising activities throughout FY24.

The chart below represents Sky's gender and age diversification as at 30 June 2024:

2024	Board Level	Officers ¹	All staff
Women	2	4	282
Men	4	3	392
Gender diverse	0	0	4
Prefer not to say	0	0	4
Total number	6	7	682
Over 45	100%	100%	41%
2023	Board Level	Officers ¹	All staff
Women	2	4	290
Men	4	4	372
Gender diverse	0	0	1
Prefer not to say	0	0	8
Total number	6	8	671
Over 45	100%	100%	41%

(1) For the purpose of Recommendation 1.5(c)(3) of the ASX Corporate Governance Principles and Recommendations (4th edition), "senior executives" has the same meaning as the "officers" referred to in the chart above as defined under the NZX Listing Rules.

The table below provides a detailed breakdown of the age diversity of Sky's workforce:

Age	2024	2023
<30	13%	13%
30 – 39	26%	30%
40 – 49	33%	32%
50 – 59	21%	20%
60 – 69	6%	4%
>70	1%	1%

3. Board committees

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

The Board has established the following committees to act for, and/or make recommendations to, the full Board on certain matters as described below.

Audit and Risk Committee

The Audit and Risk Committee is responsible for overseeing the financial and accounting activities of Sky including accounting and reporting, external and internal auditors, tax planning and compliance, treasury and general risk management. The Committee operates under a formal Audit and Risk Committee Charter available on Sky's website.

The Charter also contains the External Audit Independence Group Policy, the object of which is to ensure that audit independence is maintained, such that Sky's external financial reporting is viewed as being highly reliable and credible.

As at 30 June 2024, the members of the Committee, who are independent directors, are Keith Smith (ARC Chair, Board Deputy Chair), Philip Bowman (Board Chair), and Dame Joan Withers. There are no non-independent committee members.

All directors who are not members of the Audit and Risk Committee may attend Audit and Risk Committee meetings without invitation. A standing invitation exists for the Chief Executive and the Chief Financial Officer to attend Audit and Risk Committee meetings.

People and Performance Committee

The People and Performance Committee is responsible for providing recommendations regarding the appointment, compensation levels and evaluation of Sky's directors, Chief Executive and senior executives, overseeing Sky's people and performance strategy and policies, including remuneration. The Committee also ensures that before appointing executives, appropriate checks are carried out to ensure candidates have the necessary skills to act for Sky.

The current members, who are independent directors, are Mark Buckman (PPC Chair), Dame Joan Withers and Belinda Rowe. There are no non-independent committee members.

The Committee's Charter is available on Sky's website. Sky management may only attend Committee meetings by invitation.

Content Rights Committee

The Content Rights Committee is responsible for (i) providing guidance, challenge, strategic input and counsel to Sky's management in relation to content rights arrangements; (ii) approving Sky's pursuit and negotiation of content rights arrangements; and (iii) where applicable authority has been delegated to the Committee by the Board, approving Sky's entry into and modification of content rights arrangements in accordance with such delegated authority. The current members, who are independent directors, are Philip Bowman (CRC Chair, Board Chair), Keith Smith (Board Deputy Chair), and Mike Darcey. There are no non-independent committee members.

The Committee's Charter is available on Sky's website. Sky management may only attend Committee meetings by invitation.

Disclosure Committee

The Disclosure Committee is responsible for monitoring, determining, implementing and enforcing Sky's disclosure obligations under relevant legislation and stock exchange listing rules.

The Committee members are Philip Bowman (Board Chair) and Keith Smith (ARC Chair, Board Deputy Chair), or in the absence of either Chair, another director, along with the Chief Executive Officer, Chief Financial Officer and Company Secretary.

Ad-hoc Committees

The Board established a number of ad-hoc committees during the 2024 financial year to assist the Board in fulfilling its responsibilities in relation to specific matters. Each such committee was established by Board resolution (clearly prescribing the membership of the committee and the role of the committee) and required to regularly report back to the Board on proceedings. The Board retains ultimate responsibility for the relevant matters.

Board Membership

Sky's Board is responsible for ensuring the balance of skills, knowledge, experience, independence and diversity of directors remains relevant to Sky's business and strategy and enables the Board to discharge its duties and responsibilities effectively. The Board considers these factors when assessing Board succession and evaluating potential Board candidates.

The Board does not have a formal nomination committee constituted by a Board committee charter. The Board or a nominations sub-committee of the Board (which is distinct from the People and Performance Committee) evaluates potential Board candidates to be considered for appointment. To be eligible for appointment as directors, candidates must demonstrate appropriate qualities and experience. Directors will be selected based on all the above factors including the needs of the Board at the time.

Committee Meetings

During the financial year ended 30 June 2024 attendance at committee meetings were as reflected in the table below:

	Committee meetings held while a Committee member	Attendance at Committee meetings
Audit and Risk Committee		
Keith Smith (Chair)	4	4
Dame Joan Withers	4	4
Philip Bowman	4	4
People and Performance Committee		
Mark Buckman (Chair)	6	6
Dame Joan Withers	6	6
Mike Darcey ¹	3	3
Belinda Rowe ²	3	3
Content Rights Committee		
Philip Bowman (Chair)	4	4
Keith Smith	4	4
Mike Darcey	4	4

(1) Mike Darcey retired from the People and Performance Committee on 1 December 2023.

(2) Belinda Rowe was appointed to the People and Performance Committee on 1 December 2023.

Takeover Protocol

The Sky Board has approved a Takeover Protocol that outlines the procedures when dealing with takeover offers. This is available on Sky's website.

4. Reporting and disclosure

The Board should demand integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures.

Sky endeavours to provide investors and stakeholders with financial and non-financial reporting that is clear, meaningful, timely and balanced. All key governance documents and policies, as well as all material stock exchange announcements, interim and annual reports and investor presentations are available online at www.sky.co.nz/investor-centre.

Financial Reporting

The Audit and Risk Committee oversees the preparation of Sky's financial statements, including materiality guidance and setting policy to ensure the information presented is useful for investors and other stakeholders.

Sky endeavours to prepare financial statements that are easy to read by using clear, precise language and by structuring the report so that it is logically presented, and that policies and related notes are combined in a format that is consistent and logical.

Directors, Chair and Board Committees' Confirmation of Financial Statements

Each year Sky's Chief Executive and Chief Financial Officer confirm in a written statement to the Board that the financial statements are true and correct, are prepared in accordance with applicable accounting standards and present fairly Sky's financial position.

Continuous Disclosure

Sky is committed to keeping shareholders and the wider market informed of material information relating to its business, financial performance and strategy to ensure that trading in Sky's securities takes place in an efficient well-informed market at all times.

When Sky provides a substantive investor or analyst presentation, such as those prepared for investor results briefings, shareholder meetings, or investor day events, a copy of the material to be presented is released to the NZX and ASX ahead of the presentation.

Sky has a Continuous Disclosure Policy that is available on Sky's website. The policy sets out Sky's responsibilities in relation to its continuous disclosure obligations under the NZX and ASX Listing Rules and the Financial Markets Conduct Act 2013. The policy establishes the procedures required to fulfil Sky's obligations and details the process to appropriately identify and determine any material information that may require disclosure.

In most circumstances, material market announcements are approved by the full Board prior to their release. Copies of all material market announcements are promptly circulated to the Board after they have been made.

5. Remuneration

The remuneration of directors and executives should be transparent, fair and reasonable.

Sky's Remuneration Framework

Sky is committed to being an innovative employer, presenting fair, market comparable and inclusive remuneration strategies to ensure the strongest talent is attracted to, remains with and is committed to the performance of the business.

Sky's approach to remuneration demonstrates the intention to ensure clear alignment between remuneration and sustainable, long-term stakeholder interests. Sky's remuneration policy provides detailed information regarding the company's remuneration framework and the approach to Board and key management personnel (KMP) remuneration. A copy of the policy is available on Sky's website.

Stakeholder views and interests were considered in the design of Sky's remuneration framework to ensure an appropriate focus on performance supports the delivery of Sky's business strategy. This is achieved through targeting the delivery of commercial results with the main drivers of company performance being a core component of Sky's senior leaders' compensation.

The People and Performance Committee is responsible for providing recommendations regarding the appointment, compensation levels and evaluation of Sky's directors, Chief Executive and senior executives, and overseeing Sky's people and performance strategy and policies, including remuneration.

The Board approves Sky's Remuneration Policy and all components of remuneration, including director fees, fixed remuneration, the quantum and terms of short term incentives (STI) and the quantum and terms of any long term incentives (LTI).

Fixed Remuneration

Fixed remuneration includes base salary and KiwiSaver. The salary component of fixed remuneration is reviewed on an annual basis against market benchmarks while benefits are reviewed as appropriate. Executive fixed remuneration is reviewed annually and tested against relevant independent external benchmark data, with any increases approved by the PPC and the Board.

Employee Benefits

Sky is committed to offering additional benefits that support employee wellbeing, customer service and both attract and retain great talent. These benefits are reviewed regularly to ensure their continued efficacy. Current benefits on offer include:

- Paid parental leave of 3 months at full pay or 6 months at half pay with KiwiSaver contributions included.
- Family support beyond parenting, including flexible working arrangements above the legislative requirements and leave associated with intergenerational family units to care for in the home.
- The ability to give back to the community with a volunteer day.
- Gender affirmation leave and support.
- Free and discounted Sky services.
- Discounted wellbeing services, including gym membership.

Short Term Incentive Plan

Sky's Short Term Incentive plan (STI) provides a direct link between delivery of strategic or performance objectives (both financial and non-financial) and remuneration outcomes. The Chief Executive, the Executive Team and direct reports to the Executive Team are eligible to take part in Sky's STI plan.

The STI framework and specific metrics are considered by the People and Performance Committee and recommended to the Board for approval on an annual basis. The Board retains discretion to deny an award under Sky's STI plan, where it would reward conduct that is contrary to Sky's values or risk appetite.

The entitlement percentage for the FY24 period was set at 50% of base salary for the Chief Executive and 35% of base salary for other executives. Other eligible staff are entitled to 15% of base salary. The STI measures for FY24 were divided between Financial Performance, accounting for 55% of the award and non-financial, lead indicators. The measures used were: Total Revenue, EBITDA, Content (content costs as a percentage of revenue), Employee Engagement, Customer Experience (3 month rolling average NPS), Advertising (advertising diversification rating).

Sky's STI plan includes an overarching Health and Safety hurdle whereby the STI will be forfeited in the case of a successful prosecution under the Health and Safety at Work Act 2015.

Short Term Incentive (STI) achievement FY24				Overall Performance
Measure	Target	Weighting	Achievement	
Financial				112.6%
Revenue	\$787.1m	15%	95%	
EBITDA	\$160m	25%	83%	
Content Costs as % of Revenue	51.1%	15%	100%	
Non-financial				
Employee Engagement	+6pp	15%	150%	
Customer Experience	+4pp	20%	150%	
Advertising	+13%	10%	100%	

Long Term Incentive Plan

A Long Term Incentive Plan (LTI) was introduced in FY24 for the Chief Executive and Executive team. The purpose of the LTI is to incentivise the performance and retention of Sky's key executives and create further alignment with shareholders' interests, consistent with contemporary market standards.

The plan is structured as a performance rights plan with a three-year vesting period to September 2026, with service rights conditions. The performance conditions are set by the Board, having regard to Sky's medium and longer-term performance objectives with key measures being:

- 50% based on Absolute Total Shareholder Return CAGR performance of greater or equal to 12.9% per annum to achieve 100% vesting with proportional straight-line vesting from 50% at performance of greater or equal to 11.9% per annum.
- 50% based on Relative Total Shareholder Return CAGR performance of greater or equal to 75th percentile to achieve 100% vesting with proportional straight-line vesting from 50% at performance of greater or equal to 50th percentile.

Participants in the LTI are prohibited from entering into transactions to hedge or otherwise limit the economic risk of participating in the plan. The percentage of potential LTI varies by role with the Chief Executive's LTI set at a maximum of 50% of base salary and executive participation set at a maximum of 25% of base salary.

Sky Executive Key Management Personnel Remuneration Objectives

Shareholder value creation through equity components.

An appropriate balance of 'fixed' and 'at risk' components.

Creation of reward differentiation to drive performance culture and behaviours.

Attract, motivate and retain executive talent required at each stage of development.

Total Annual Remuneration (TAR) or Total Target Remuneration (TTR) is set by reference to relevant market benchmarks

Fixed

Fixed Annual Remuneration (FAR)

Fixed remuneration is set based on relevant market relativities, as determined by the Board but will reflect role and responsibilities, performance, qualifications, experience and geographic location.

Base salary plus any allowances (includes Superannuation or equivalent).

At Risk

Short Term Incentives (STI)

STI key performance indicators (KPI) will be determined by the Board based on key Financial and Non-Financial criteria aligned to deliver Sky's priority business strategies.

Paid, as cash, on completion of the relevant performance period. Deferral of a portion of the STI into equity (performance rights) will be considered.

Long Term Incentives (LTI)

Performance conditions will be set by the Board and linked to total shareholder returns and relative shareholder return.

Awarded as equity and will vest (or not) at the end of the performance period which will be a minimum of three years.

Remuneration will be delivered as

Strategic intent and market positioning

FAR for executive KMP will typically be positioned between the median and 75th percentile (+/-) compared to relevant market data considering expertise, competitive tensions and performance in the role.

Performance incentive is directed to achieving key strategic or financial targets. FAR and STI opportunity is targeted to be positioned at about the 75th percentile of the relevant benchmark group.

LTI is intended to align executive KMP with shareholder interests. LTI opportunity should ideally be positioned at or about the 75th percentile.

Total Annual Remuneration (TAR) or Total Target Remuneration (TTR)

TAR or TTR is intended to be positioned in the upper 3rd quartile compared to relevant market based comparisons. 4th quartile TAR or TTR may be derived if demonstrable outperformance is achieved by Sky.

Chief Executive Remuneration

Sky has a People & Performance Committee (PPC) comprised of 3 independent directors. Management attends PPC meetings by invitation. The PPC is responsible for reviewing and recommending Chief Executive remuneration to Sky's Board annually. In FY24, the PPC sought external and independent advice, including benchmark data, from Crichton & Associates on the Chief Executive's remuneration.

Sky's Chief Executive, Sophie Moloney has a permanent employment agreement with Sky. The agreement includes a period of notice from the individual of 6 months and allows for a provision of consultative agreed termination notice from the company, referred to as the "No Fault Termination Clause". This clause allows for the agreed termination of the contract with six months' pay and six months' notice. In addition, there is the provision for a redundancy payment of 44 weeks.

The Chief Executive's remuneration includes fixed remuneration of base salary plus KiwiSaver. In the context of the introduction of a Long Term Incentive plan, the Chief Executive's fixed remuneration was unchanged in FY24. The variable benefits in the Chief Executive's remuneration are a Short Term Incentive (STI) plan and Long Term Incentive (LTI) plan. The STI is set at 50% of base salary. The LTI plan was introduced in FY24, after consideration of the external advice sought. The LTI is structured as a performance rights plan with a three-year vesting period with service rights conditions. The Chief Executive's maximum potential earnings from the LTI is 50% of base salary per annum.

The Chief Executive's remuneration for the role in each financial year since taking up the position on 1 December 2020¹ is set out in the table below:

\$	2024	2023 ²	2022	2021 ⁴
Base salary ³	970,424	969,423	932,500	544,000
STI	182,785	293,737	330,568	236,000
Total remuneration	1,153,209	1,263,160	1,263,068	780,000

(1) Amounts shown are the actual paid during the period.

(2) Sky's 2023 Annual Report included STI on the basis of the amount 'earned', this has been restated to show the amount 'paid' during the period.

(3) In FY24 the Chief Executive's base salary was \$970,000 per annum. Other benefits paid to the CEO were as follows: FY24 KiwiSaver employer contribution: \$34,596 (FY23: \$37,895, FY22: \$38,978, \$FY21 \$22,532).

(4) FY21 remuneration includes 6 months tenure in the CEO position.

The Chief Executive has a significant portion of remuneration 'at risk' and linked to performance. For the financial year ended 30 June 2024 the Chief Executive's STI was awarded at 50% of base salary, which will be paid during FY25. Under the 2024 LTI plan the Chief Executive was granted 198,329 share rights on 20th October 2023, based on the value weighted average price calculated from 24 August to 6 September 2023. This represents 50% of the Chief Executive's base salary, subject to achievement of agreed performance measures and a vesting period, as set out on page 55.

Pay Equity and Diversity

Sky has committed to paying all employees the living wage or more. At 30 June 2024 all permanent Sky employees were paid the living wage or more.

Median Pay Gap

The median pay gap indicates the number of times greater the Chief Executive's remuneration is to an employee paid at the median of all Sky employees. At 30 June 2024 the Chief Executive's base salary of \$970,000 (on an annualised basis) was 10.6 times that of the median employee at \$91,700. On a total earnings basis, including STI Earned, the median pay gap was 12 times.

Employee Remuneration

The following table shows the number of employees and former employees of Sky and its subsidiaries whose remuneration and benefits for the year ended 30 June 2024 were within the specified bands above \$100,000.

The remuneration figures shown in the table include all monetary payments actually paid during the year ended 30 June 2024, including severance and STI payments.

The table does not include amounts paid post 30 June 2024 that relate to the 2024 financial year, such as STI bonuses.

Remuneration Range (\$)	Number of employees
100,000 – 110,000	44
110,001 – 120,000	40
120,001 – 130,000	37
130,001 – 140,000	35
140,001 – 150,000	20
150,001 – 160,000	34
160,001 – 170,000	16
170,001 – 180,000	7
180,001 – 190,000	7
190,001 – 200,000	6
200,001 – 210,000	4
210,001 – 220,000	6
220,001 – 230,000	2
230,001 – 240,000	2
240,001 – 250,000	4
250,001 – 260,000	6
260,001 – 270,000	4
280,001 – 290,000	3
290,001 – 300,000	2
300,001 – 310,000	2
320,001 – 330,000	3
330,001 – 340,000	1
340,001 – 350,000	1
400,001 – 410,000	1
430,001 – 440,000	1
440,001 – 450,000	1
450,001 – 460,000	1
460,001 – 470,000	1
560,001 – 570,000	1
1,150,001 – 1,160,000	1
Total	293

Director Remuneration

Directors do not receive any performance or equity-based remuneration, superannuation or retirement benefits (for their role as directors). This reflects the role of the directors which is to provide oversight and guide strategy, whereas the role of management is to operate the business and execute Sky's strategy.

The directors' fee pool has been set at a maximum amount of \$950,000 per annum since it was last approved by shareholders in October 2015.

Annual Fee Structure (\$)	Year ended 30 June 2024	Year ended 30 June 2023
Board fees		
Board Chair	\$220,500	\$210,000
Deputy Chair	\$143,325	\$136,500
Independent Director	\$110,250	\$105,000
Board Committee Fees		
Audit and Risk Committee		
Chair	\$20,000	\$20,000
Member	\$12,000	\$12,000
People and Performance Committee		
Chair	\$12,000	\$12,000
Member	\$8,000	\$8,000
Content Rights Committee		
Member	\$5,000	\$5,000

Fees paid to Sky Directors in the year ended 30 June 2024 are set out in the table below:

Name	Board Fees	Audit and Risk Committee	People and Performance Committee	Content Rights Committee	Total Remuneration
Philip Bowman (Chair) ¹	220,500	-	-	5,000	225,500
Keith Smith (Deputy Chair)	143,325	20,000	-	5,000	168,325
Mike Darcey ²	110,250	-	3,333	5,000	118,583
Dame Joan Withers	110,250	12,000	8,000	-	130,250
Mark Buckman	110,250	-	12,000	-	122,250
Belinda Rowe ³	110,250	-	4,667	-	114,917
Totals	804,825	32,000	28,000	15,000	879,825

(1) The Board Chair is a member of the Audit and Risk Committee, (and is not the Chair of the Committee), however he does not receive a separate fee for this role.

(2) Mike Darcey retired from the People and Performance Committee on 1 December 2023.

(3) Belinda Rowe was appointed to the People and Performance Committee on 1 December 2023.

6. Risk management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and relevant risks.

Sky's risk management framework is overseen and monitored by both the Board and the Audit and Risk Committee. The Audit and Risk Committee in conjunction with management regularly report to the Board on the effectiveness of the management of Sky's risks and whether the risk management framework and systems of internal compliance and control are operating efficiently and effectively in all material respects.

Sky has a Controlling and Managing Risk Policy which provides an overview of Sky's risk management process. The Policy outlines Sky's risk management objectives and guidelines and provides a framework to identify, manage and report on risks both financial and non-financial. The Audit and Risk

Committee reviews Sky's risk management framework with management at least annually to satisfy itself that it continues to be sound and to ensure that Sky is operating with due regard to the risk appetite set by the Board.

Sky recognises that having a robust and well-documented enterprise-wide risk management framework is critical to support the management of risks across Sky. Management, with oversight by the Audit and Risk Committee, continue to identify and implement improvements to Sky's risk management processes in line with the enterprise-wide risk management framework, while maintaining its focus on managing both near and long-term risks, including risks due to climate change, to best support Sky's current and future business and operating goals.

Sky's internal audit function is outsourced to Ernst & Young (EY). An annual internal audit plan is presented and approved by the Audit and Risk Committee and the Audit and Risk Committee receives internal audit reports during the year and monitors completion of action items that arise. Sky's internal audit function assists it to better accomplish its objectives by bringing a systemic, disciplined approach to evaluating and continually improving the effectiveness of Sky's risk management and internal control processes.

Sky has identified the following strategic risks that could affect results and performance:

Strategic risks	Description	Mitigation
Satellite migration	Sky's current satellite (Optus D2) will reach end of life in 2025, requiring migration to an alternative satellite. There are inherent technology risks to the successful migration to a new satellite, with on-the-ground technology updates also required.	Sky has two satellite path options to replace Optus D2 and has successfully undertaken satellite migrations in the past. A comprehensive migration programme is in place to ensure a smooth transition for customers, including by undertaking significant testing and customer communications ahead of any migration steps. As a further immediate mitigant to customer disruption, Sky provides all Sky Box customers with the companion app, Sky Go, which provides IP access to their Sky content without dependence on a satellite signal. Sky will continue its accelerated rollout of the new, internet-connected Sky Box and the IP-only Sky Pod which will serve to further derisk any potential disruption.
Technology infrastructure	Reliability of the provision of Technology infrastructure is critical to the provision of Sky services.	Sky has robust Business Continuity Management and Disaster Recovery plans which are regularly reviewed, updated and tested (where practicable).
Cybersecurity	Cybersecurity risk mitigation is critical for the safe and reliable operation of Sky's business, including to protect sensitive data.	Sky has a comprehensive cybersecurity programme that includes tools and systems designed to prevent and detect potential threats to cybersecurity, privacy and data breaches. This programme is continually monitored, tested and improved.
Accessing and securing market leading content	Accessing and securing great content at the right price is critical to Sky's future.	Providing customers with the content they value in a financially sustainable way is central to Sky's strategy. In recent years, Sky has secured significant multi-year content rights deals. It continually reviews the nature of the content acquired and its access to content. Sky is focused on what is important to its customers and utilises data-based insights and research to ensure its content strategy is achieved.
Negative impact of prolonged significant New Zealand economic downturn	A prolonged significant downturn of the New Zealand economy could have a major impact on Sky achieving its financial goals.	Sky continually monitors the macro-economic environment and utilises trend analysis of its own data to understand the current and possible future impacts of an economic downturn. Sky has a robust strategy to respond to future impacts by continually monitoring value to customers, ensuring content is accessible and meeting customers where they are. Sky proactively and responsibly manages its own costs to ensure sustainability while maintaining an exceptional experience for our crew and customers.

Table continued over page

Strategic risks	Description	Mitigation
Strategy execution	Failure to execute strategic initiatives could impact Sky's reputation and ability to meet financial goals.	In conjunction with the Board, Sky's executive team continue to refine Sky's strategic goals and have a clear path to achieving those goals. This includes engaging with the Sky team more broadly to ensure the whole business is aligned.
Adverse impact of geopolitical events	Sky's product and content supply chain could be negatively impacted by global geopolitical events.	Sky actively monitors for potential adverse impacts of geopolitical events and seeks to mitigate exposure through diversity of supply, alternate delivery methods, local stores of physical assets and close partnerships with its suppliers.
Legislative and regulatory compliance	The ever changing legal and regulatory landscape within which Sky operates together with Sky's evolving product mix and delivery methods, and obligations as a publicly listed company create a risk that Sky could inadvertently fail to comply.	Sky has robust policies and procedures covering compliance with key legal and regulatory requirements. Sky's internal legal team monitors changes and proposed amendments to its compliance obligations. Sky also engages external legal advisors to ensure it remains compliant.
Physical risks associated with natural disasters or climate change impacts	An increase in the intensity or frequency of natural disasters or climate related events could impact Sky's ability to deliver its content and lead to reduced demand for its services from impacted customers.	As noted above, Sky has robust Business Continuity and Disaster Recovery plans to ensure it is best placed to withstand climatic events and natural disasters. Sky continues to develop its medium to long term response to the potential impacts of climate change.
Health and safety of workers	Sky's health and safety protocols may be insufficient to prevent harm or injuries to its workers while they carry out their duties.	Sky takes the health, safety and wellbeing of its workers very seriously and is committed to ensuring that employees and those who work with Sky, do so in a safe environment. Sky continues to invest in its health, safety and wellbeing processes and procedures to ensure it is a safe place to work. This includes risk identification, mitigation and continuous improvement initiatives by in-house experts and external expert review.
Ability to attract, retain and engage specialist talent	Attracting, retaining and engaging specialist employees in key areas is critical to Sky delivering on its strategic goals.	Sky continues to invest in its people and culture programmes including building leadership capability across the business, improving access to the tools, systems and processes needed to enable employees to achieve their potential. Sky has utilised co-source and out-source partnerships as appropriate to access specialist resource at scale, where needed. Sky continues to focus on Te Ao Māori and the opportunities presented by imbedding its principles within Sky.
Competition	Sky operates within an extremely competitive market with New Zealanders now able to access the content they want to watch more easily than ever before.	If Sky fails to respond to new competitors or changes to customers' needs, it could fail to meet strategic and financial goals. While Sky is focused on delivering its strategic goals, it continually monitors its market environment using customer feedback and data insights to ensure its content and delivery approach remain relevant and in demand. Sky remains focused on connecting New Zealanders with the sport and entertainment they love, in ways that work for them, right across the country.

Health and safety

Sky is committed to providing a safe, healthy workplace where all workers can thrive. In the last financial year, Sky has been working on a strategic health and safety plan and an annual action plan for the next three years. Sky's strategic approach to health and safety is to:

- safeguard the wellbeing of its people by providing a safe and inclusive workplace environment;
- fulfil all safety obligations within the business, in line with the strategic intent, corporate objectives and legislative requirements; and
- share a vision and commitment to a safety culture that drives continual improvement and organisational resilience at all levels within Sky.

A Health and Safety update is provided at Sky's monthly Risk Management Steering Committee meeting, and regular reports are provided to the Executive team, Audit and Risk Committee, People and Performance Committee, and Board to ensure that Sky remains compliant with its health and safety obligations.

Sky continued audits of its field services provided by service providers in FY24. In conjunction with its field services technicians and installer companies, Sky completed 510 audits in the field.

Sky had zero notifiable injuries in the 2024 financial year.

7. Auditors

The Board should ensure the quality and independence of the external audit process.

External audit

The role of the external auditor is critical for the integrity of Sky's financial reporting. PricewaterhouseCoopers (PwC) is Sky's external auditor. The Audit and Risk Committee is responsible for reviewing and recommending to the Board the engagement of the external auditors, for reviewing any regulatory requirements, for agreeing the scope of the audit, ensuring no management restrictions are placed on the auditors and for evaluating the performance of the external auditors. Sky's Audit and Risk Committee Charter (available on Sky's website), contains the policy for External Audit Independence which sets out the framework for ensuring that independence of the external auditor is maintained.

A copy of the most recent audit report, relating to the 2024 financial year is included on page 120.

Sky undertakes an internal process of verification for periodic materials released to the NZX and ASX where these have not been audited or reviewed by the external auditor, to ensure the accuracy and integrity of the material prior to release. This process includes the following:

- reports are prepared by or under the supervision of subject matter experts;
- material statements in the report are reviewed for accuracy and appropriately interrogated; and
- all announcements (other than administrative announcements) must be approved by Sky's Disclosure Committee.

Where considered appropriate Sky requests an external review from a suitably qualified advisor to provide an additional level of independent review.

Internal audit

Sky currently outsources to EY its internal audit function which is tasked with monitoring Sky's internal control systems and risk management. Internal audit operates with and independently of management and reports directly to the Audit and Risk Committee.

The Audit and Risk Committee reviews the internal audit plan annually as well as the internal audit reports. The internal audit reports are made available to the external auditors.

8. Shareholder relations

The Board should respect the rights of the shareholders and foster relationships with shareholders that encourage them to engage with the issuer.

Investor communication

Sky is committed to facilitating effective two-way communication with its shareholders and other stakeholders. Sky's approach to investor relations is designed to keep both Sky's shareholders and the broader market properly informed.

Communications with Investors may take the form of stock exchange releases, press releases, reports, presentations, teleconferences/webcasts, meetings and site visits. Sky's Chairman engages with investors on governance matters. Sky's Management team meets with investors and analysts as appropriate, and provides periodic investor briefings to the Market.

Sky's Investor Communications Policy outlines the steps that it takes to enable shareholders to engage with Sky in an informed manner and to allow them to make informed assessments of Sky's value and future prospects and vote on major decisions where appropriate. A copy of this policy is available on Sky's website.

In addition to information provided to the market via NZX and ASX, Sky uses the following methods to communicate with its investors:

Investor centre website

Sky's website (www.sky.co.nz/investor-centre) includes copies of documents that have been released to the market to enable investors and stakeholders access to all information about Sky and its governance in one place. This includes copies of annual reports, presentations, market announcements, media releases and corporate governance documents. In addition, information may be requested directly from Sky by emailing investorrelations@sky.co.nz to which Sky is committed to responding to in a timely manner.

Electronic communications

Sky is committed to improving the efficiency, timeliness, and sustainability of communications with its shareholders by encouraging them to receive communications material electronically via Sky's share registry, Computershare Investor Services Limited.

Annual shareholder meeting

Shareholders are encouraged to attend Sky's Annual Shareholder Meeting, whether this is held in person, virtually or as a hybrid meeting. Details of the Annual Shareholder Meeting, and the ways that shareholders can participate, are available in the Notice of Meeting which is expected to be dispatched to shareholders at least 20 working days prior to the Annual Shareholder Meeting in accordance with NZX Corporate Governance recommendations, and made available on Sky's website. Sky ensures that shareholder meetings are held at a reasonable time and place and ensures that all resolutions at a shareholders' meeting are decided by a poll.

Notices of shareholder meetings include explanatory information regarding the resolutions to be considered by the meeting. These are provided in sufficient time to enable shareholders to form a reasoned judgement on the matters to be voted upon.

Sky's external auditors, legal representatives and share registrar attend the Annual Shareholder Meeting. Directors, management and external auditors are available to answer any questions from shareholders at the Annual Shareholder Meeting.

Details of how shareholders unable to attend the Annual Shareholder Meeting can submit questions in advance are included in the Notice of Meeting.

