

## Corporate Governance Statement

### Introduction

The Board of Directors of Pacific Star Network Limited (Company) is committed to conducting the business of Pacific Star and the entities it controls both ethically and in accordance with principles of good corporate governance. The Board recognises the importance of the eight core principles and in accordance with the Australian Securities Exchange Limited *Corporate Governance Council's Corporate Governance Principles and Recommendations* (Principles), the Board has established and approved a sound framework of corporate governance practices that it considers appropriate for the Company.

The table below summarises compliance with the Principles and these practices were in place for the financial year ended 30 June 2016 and to the date of signing the Directors Report (available in the latest Annual Report). The Board uses its best endeavours to ensure that exceptions to the Principles do not have a negative impact on the business and the best interests of shareholders as a whole.

Pacific Star has also prepared an "ASX Appendix 4G – Key to Disclosures" which reports on compliance with each of the ASX Principles. This has been combined with this statement and lodged on the ASX and may be viewed and downloaded from our website at [www.pacificstarnetwork.com.au/investors\\_current](http://www.pacificstarnetwork.com.au/investors_current) reports.

The Board approved the Corporate Governance Statement on 23 September 2016.

<i>Principles</i>	<i>Compliance</i>	<i>Comply</i>
<b>PRINCIPLE 1 – Lay solid foundations for management and oversight</b>		

#### 1.1

<p>a) <i>Disclose the respective roles &amp; responsibilities of the board and management; and</i></p> <p>b) <i>Identify those matters expressly reserved to the board and those delegated to management</i></p>	<p>The Board retains responsibility for the following:</p> <ul style="list-style-type: none"> <li>(i) setting and monitoring of objectives, goals and strategic direction for management with a view to maximising shareholder value;</li> <li>(ii) approving annual budgets and monitoring financial performance;</li> <li>(iii) approving acquisitions / joint ventures;</li> <li>(iv) ensuring an internal control system exist's and is appropriately monitored for compliance;</li> <li>(v) ensuring significant business risks are proactively identified and appropriately managed;</li> <li>(vi) ensuring compliance with regulatory and statutory requirements;</li> <li>(vii) selecting and appointing new directors; and</li> <li>(viii) maintaining the highest business standards and ethical behaviour.</li> </ul>	<p>Complies</p>
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The senior executive team is responsible for reporting to the Board and providing them with relevant information to perform their objectives.

Corporate Governance Statement Cont'd

<i>Principles</i>	<i>Compliance</i>	<i>Comply</i>
<b>PRINCIPLE 1 – Lay solid foundations for management and oversight cont'd</b>		
1.2		
<p>a) <i>Undertake checks before appointing or proposing a director and;</i></p> <p>b) <i>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</i></p>	<p>In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of strategic direction of the business.</p> <p>Prior to putting forward to shareholders a candidate for election, as a director, the Company undertakes checks to verify a directors' character, qualifications, skills and experience.</p>	Complies
1.3		
<p>a) <i>A listed entity should have a written agreement with each director and senior executives setting out the terms of their appointment</i></p>	<p>The terms of appointment for directors and executives in accordance with their written agreements is set out in the Remuneration Report contained within the Directors Report of the Annual Report and is audited by the Company's external auditors.</p>	Complies
1.4		
<p>a) <i>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</i></p>	<p>The Company Secretary is accountable to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>	Complies

## Corporate Governance Statement Cont'd

### Principles

### Compliance

### Comply

#### PRINCIPLE 1 – Lay solid foundations for management and oversight cont'd

1.5

A listed entity should:

- a) *Have a diversity policy which includes requirements for the board to set measurable objectives for achieving gender diversity;*
- 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 and its progress towards achieving them; and*
- (i) *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)*

Pacific Star is committed to providing diversity of employment opportunities for, but not limited to, gender, age, ethnicity and cultural background for all roles and to providing a workplace where differences are respected and accepted and anti-discriminatory behaviours of any kind is strictly prohibited. More information on the Company's diversity policy can be located on our website at [www.pacificstarnetwork.com.au/investors](http://www.pacificstarnetwork.com.au/investors).

A "senior executive" for the purposes of this report is defined as someone working in the business who makes decisions and puts them into action.

The measurable objective set by the Board for achieving gender diversity was to increase the percentage of females employed in the workforce to 40% or above by 2018.

The table below discloses the gender diversity of the workforce:

Category	30 June 2016		30 June 2015	
	% Males	% Females	% Males	% Females
Board	100%	-%	75%	25%
Management	68%	32%	77%	23%
Part / full time employees	60%	40%	68%	32%
Casual employees	65%	35%	65%	35%
<b>Total</b>	<b>64%</b>	<b>36%</b>	<b>69%</b>	<b>31%</b>

Complies

1.6

A listed entity should:

- a) *Have and disclose a process for periodically evaluating the performance of the board, its committee and individual directors; and*

Due to the size of the Board and the nature of the business it has not been considered necessary to institute a formal documented performance evaluation program of the Board and individual Board members.

As the Company's activities expand in size, nature and scope, the implementation of a more formalised review process will be considered.

Does not comply

Corporate Governance Statement Cont'd

<i>Principles</i>	<i>Compliance</i>	<i>Comply</i>
<b>PRINCIPLE 1 – Lay solid foundations for management and oversight cont'd</b>		
1.6 cont'd		
b) <i>Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process</i>		Does not comply
1.7		
<i>A listed entity should:</i>		
a) <i>Have and disclose a process for periodically evaluating the performance of its senior executives; and</i>	The Board ensures that the executive management team is appropriately qualified and experienced to discharge their responsibilities.  Whilst the Board provides informal feedback to the senior management team, there is currently no formal evaluation process in place.  The Board is currently considering the implementation of a more formal evaluation of senior management team performance.	Does not comply
b) <i>Disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process</i>		

**PRINCIPLE 2 – Structure the board to add value**

2.1		
<i>The Board of a listed entity should:</i>		
a) <i>Have a nomination committee which has at least three members, a majority of whom are independent directors, and is chaired by an independent director; and</i>	Due to the size of the Board and the nature of the business it has not been considered necessary to establish a separate nomination committee.  Directors' have reviewed the terms of reference for nomination committees and have formed the view that this key responsibility is more appropriately fulfilled by the full board.	Complies
b) <i>Disclose the charter of the committee</i>		

## Corporate Governance Statement Cont'd

<i>Principles</i>	<i>Compliance</i>	<i>Comply</i>
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<b>PRINCIPLE 2 – Structure the board to add value cont'd</b>		
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2.2

*A listed entity should:*

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|--|---|------------------------|
| <p>a) <i>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</i></p> | <p>The skills, experience and expertise relevant to the position held by each director in office at the date of this report is included in the Directors Report of this Annual Report. As the composition of the Board currently comprises a variety of skills and experience across the commercial, media, sport, publishing and digital sectors, it has not been considered necessary to create a formal document outlining the particular skills matrix of the existing board.</p> <p>The Board reviews its composition on an annual basis to ensure that it has an appropriate mix of expertise and experience.</p> | <p>Does not comply</p> |
|--|---|------------------------|

2.3

*A listed entity should disclose:*

- |  |  |  |              |                                     |              |                                   |             |                                      |             |  |
|--|--|--|--------------|-------------------------------------|--------------|-----------------------------------|-------------|--------------------------------------|-------------|--|
| <p>a) <i>The names of the directors considered by the board to be independent directors</i></p>  | <p>At reporting date, the Board comprised four directors. Three are considered to be independent, Andrew Moffat, Gary Pert and Colm O'Brien and meet the criteria for director independence.</p> <p>The remaining director, Ronald Hall is not considered independent as he is a substantial shareholder in the Company.</p>   | <p>Complies</p>                                    |              |                                     |              |                                   |             |                                      |             |  |
| <p>b) <i>If a director is a substantial shareholder of the entity but the Board does not believe that it compromises the independence of the director, the Board should explain why the Board is of that opinion</i></p> | <p>Director independence is reviewed periodically. Each of the directors' is considered to bring experience from different industry sectors and contributes value to the board by combining their strengths and skills to lead the strategic direction of the business.</p> <p>The Board recognises that directors' remain in office for the benefit of and are accountable to shareholders and that shareholders have the voting power to elect members to the board regardless of their standing, independent or otherwise.</p> <p>The majority of directors are considered to be independent.</p> |  |              |                                     |              |                                   |             |                                      |             |  |
| <p>c) <i>The length of service of each director</i></p>  | <p>The term in office held by each director at the date of this report is as follows:</p> <table border="0"> <tr> <td>Andrew Moffat, Chairman and Non-Executive Director</td> <td style="text-align: right;">– 12.0 years</td> </tr> <tr> <td>Ronald Hall, Non-Executive Director</td> <td style="text-align: right;">– 14.5 years</td> </tr> <tr> <td>Gary Pert, Non-Executive Director</td> <td style="text-align: right;">– 8.0 years</td> </tr> <tr> <td>Colm O'Brien, Non-Executive Director</td> <td style="text-align: right;">– 0.8 years</td> </tr> </table>                                | Andrew Moffat, Chairman and Non-Executive Director | – 12.0 years | Ronald Hall, Non-Executive Director | – 14.5 years | Gary Pert, Non-Executive Director | – 8.0 years | Colm O'Brien, Non-Executive Director | – 0.8 years |  |
| Andrew Moffat, Chairman and Non-Executive Director   | – 12.0 years   |  |              |                                     |              |                                   |             |                                      |             |  |
| Ronald Hall, Non-Executive Director  | – 14.5 years   |  |              |                                     |              |                                   |             |                                      |             |  |
| Gary Pert, Non-Executive Director  | – 8.0 years  |  |              |                                     |              |                                   |             |                                      |             |  |
| Colm O'Brien, Non-Executive Director   | – 0.8 years  |  |              |                                     |              |                                   |             |                                      |             |  |

Note

Michelle Guthrie was a director to 24 March 2016 and resigned when taking up the Managing Director position at the Australian Broadcasting Corporation (ABC).

2.4

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|---|--|-----------------|
| <p>a) <i>A majority of the Board of a listed entity should be independent directors</i></p> | <p>At reporting date, the Board comprised four directors.</p> <p>Three of the four directors are considered to be independent and this represents the majority composition of the board.</p> <p>Andrew Moffat, Gary Pert and Colm O'Brien meet the criteria for director independence.</p> | <p>Complies</p> |
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## Corporate Governance Statement Cont'd

<i>Principles</i>	<i>Compliance</i>	<i>Comply</i>
<b>PRINCIPLE 2 – Structure the board to add value cont'd</b>		
2.5		
a) <i>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</i>	The Chair, Andrew Moffat is an independent director and the role of Chair and CEO is not held by the same individual.	Complies
2.6		
a) <i>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain skills and knowledge needed to perform their role effectively</i>	<p>The letter of appointment for all new directors' sets out their duties, rights and responsibilities and new director appointments are provided with information that will enable them to carry out their duties in the best interests of the Company including briefings by management.</p> <p>The Board encourages directors to attend industry seminars and training courses run by professional bodies to ensure they are equipped to perform their role to high standards.</p>	Complies

### PRINCIPLE 3 – Promote ethical and responsible decision making

3.1		
<i>A listed entity should:</i>		
a) <i>Have a Code of Conduct for its directors, senior executives and employees; and</i>	<p>The Code incorporates the practices necessary to maintain confidence in the Company's integrity, the steps necessary to take account of legal obligations and the reasonable expectations of their stakeholders; and the responsibility and accountability of individuals for reporting and investigating reports of unethical practice.</p> <p>The business complies with this principle by ensuring that each employee / contractor is conversant with the Company's policies including a Code of Conduct that sets out the principles and standards expected from all directors', employees and contractors. The Code is supported by a range of additional policies including securities trading, privacy, communications, continuous disclosure, diversity, risk management and editorial policies.</p>	Complies
b) <i>Disclose that Code or a summary of it</i>	<p>Further information on these policies can be accessed on the Pacific Star Network Limited website at <a href="http://www.pacificstarnetwork.com.au/investors">www.pacificstarnetwork.com.au/investors</a>.</p> <p>The primary aim of embedding and monitoring compliance in the business is to ensure that at all times, the Company:</p> <ul style="list-style-type: none"> <li>(i) complies with laws and regulations;</li> <li>(ii) up-holds its ethical and environmental responsibilities;</li> <li>(iii) ensures that assets are used appropriately for business purposes;</li> <li>(iv) ensures that confidential information is maintained confidential and secured;</li> <li>(v) that no parties act so as to conflict with business interests.</li> </ul>	

Corporate Governance Statement Cont'd

<i>Principles</i>	<i>Compliance</i>	<i>Comply</i>
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<b>PRINCIPLE 4 – Safeguard integrity of financial reporting</b>		
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4.1

*The Board of a listed entity should:*

<p>a) <i>Have an audit committee of at least three members, all of whom are non-executive directors and the committee should be chaired by an independent director; and</i></p> <p>b) <i>Disclose the charter of that committee, the qualifications and experience of its members and the number of times the committee has met during the reporting period and the individual attendance of the members at those meetings; or</i></p> <p>c) <i>If it does not have an audit committee, disclose the fact and the processes it employs that independently verify and safeguards 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</i></p>	<p>Directors' have reviewed the terms of reference for audit committees and have formed the view that this key responsibility is more appropriately fulfilled by the full Board.</p> <p>All matters, which might ordinarily be dealt with by an audit committee are discussed at Board meetings, these include:</p> <ul style="list-style-type: none"> <li>(i) ensuring that an effective internal control framework exists and operates within the business;</li> <li>(ii) reviewing the annual report, financial statements and other information distributed externally;</li> <li>(iii) reviewing audit reports and letters to the board from external auditors;</li> <li>(iv) liaising with external auditors and ensuring the annual audit and half year review are conducted in an effective and timely manner;</li> <li>(v) nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual audit and half year review; and</li> <li>(vi) monitoring compliance with the <i>Corporations Act 2001</i>, ASX Listing Rules, and other matters outstanding with other regulatory and financial authorities.</li> </ul> <p>Where it's proposed to change the auditor, the proposed removal / appointment of an auditor is voted on by shareholders, that is, unless there is a valid business reason for the Company to act before such a vote.</p> <p>It is BDO Kendall's policy to rotate audit engagement partners on listed companies at least every five years.</p>	<p>Complies</p>
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Corporate Governance Statement Cont'd

<i>Principles</i>	<i>Compliance</i>	<i>Comply</i>
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<b>PRINCIPLE 4 – Safeguard integrity of financial reporting cont'd</b>		
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4.2

*The Board of a listed entity should:*

<p>a) <i>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</i></p>	<p>The CFO has provided a declaration to the Board prior to approval of the annual financial statements that, in his 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.</p> <p>As the business does not have a CEO in position at the date of this report, it is considered that the Company is not in a position to fully comply with this principle.</p>	<p>Partially Complies</p>
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4.3

<p>a) <i>A listed entity that has an AGM should ensure that its external auditor attends the AGM and is available to answer questions from security holders relevant to the audit</i></p>	<p>The Company's auditor is invited and normally attends two board meetings during the year and the Annual General Meeting (AGM).</p> <p>The auditor is also available at the AGM to answer shareholder questions on the conduct of the audit and the preparation and content of the auditor's report.</p>	<p>Complies</p>
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<b>PRINCIPLE 5 – Make timely and balanced disclosure</b>		
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5.1

*A listed entity should:*

<p>a) <i>Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</i></p>	<p>It is the Board's policy to provide timely, open and accurate information to its investors, regulators and the wider investment community.</p> <p>The Board has a continuous disclosure policy setting out the policies, accountabilities and procedures that govern the handling of sensitive information, continuous disclosure and communications to investors and regulators.</p>	<p>Complies</p>
<p>b) <i>Disclose that policy or a summary of it</i></p>	<p>The policy and other information can be located on the Company's website at <a href="http://www.pacificstarnetwork.com.au/investors">www.pacificstarnetwork.com.au/investors</a>.</p> <p>The Chair, directors', CEO and Company Secretary are closely involved with day to day operations to ensure compliance with these continuous disclosure requirements and in particular Listing Rule 3.1.</p>	

## Corporate Governance Statement Cont'd

<i>Principles</i>	<i>Compliance</i>	<i>Comply</i>
<b>PRINCIPLE 6 – Respect the rights of shareholders</b>		
6.1		
<i>The listed entity should:</i>		
a) <i>Provide information about itself and its governance via its website</i>	Information released to the ASX and the Company's corporate governance policies are published and accessible at <a href="http://www.pacificstarnetwork.com/investors">www.pacificstarnetwork.com/investors</a> .	Complies
6.2		
<i>The listed entity should:</i>	Communications with shareholders include:	Complies
a) <i>Design and implement an investor relations program to facilitate effective two-way communications with investors</i>	<ul style="list-style-type: none"> <li>(i) The Annual Report is published electronically on our website.</li> <li>(ii) a copy of the full Annual Report is available to any shareholder that requests it free of charge.</li> <li>(iii) the Board ensures that the Annual Report includes relevant information about operations during the year, in addition to any other disclosures required by law.</li> <li>(iv) the Annual Report forms the primary source of publically available information about the business.</li> <li>(v) The half-year report contains summarised financial information and a review of the operations during the period. The half-year report is prepared in accordance with the requirements of Accounting Standards and the <i>Corporations Act</i> and is lodged with ASIC and ASX.</li> <li>(vi) The Board encourages the full participation of shareholders at the Annual General Meeting.</li> <li>(vii) For formal meetings an explanatory memorandum on the resolutions is included with the notice of meeting and important issues are presented to shareholders as separate resolutions.</li> </ul>	
6.3		
<i>The listed entity should:</i>		
a) <i>Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders</i>	<p>Shareholders are encouraged to attend and participate in AGM's of the Company.</p> <p>The external auditor attends the AGM and is available to answer any shareholder questions about the conduct of the audit and the preparation and content of the audit report.</p>	Complies
6.4		
<i>The listed entity should:</i>		
a) <i>Give security holders the option to receive communications from, and send communications electronically</i>	<p>The Company's share registry, Computershare, provides shareholders with the option to receive and send Company communications electronically.</p> <p>Hard copies of financial reports and news releases are made available on request.</p> <p>The Company's website contains a 'Contact Us' tab enabling messages to be submitted.</p>	Complies

Corporate Governance Statement Cont'd

*Principles*                      *Compliance*                      *Comply*

**PRINCIPLE 7 – Recognise and manage risk**

7.1

*The Board of a listed entity should:*

<p>a) <i>Have a committee to oversee risk</i></p>	<p>Directors have reviewed the terms of reference for risk committees and have formed the view that this key responsibility is more appropriately fulfilled by the full board.</p> <p>The Board is briefed regularly on business risks and delegates day to day responsibility for risk management to the senior management team.</p> <p>All matters, which might ordinarily be dealt with by a risk committee are discussed at Board meetings.</p>	<p>Complies</p>
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7.2

*The Board or a committee of the Board should:*

<p>a) <i>Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</i></p> <p>b) <i>Disclose, in relation to each reporting period, whether such a review has taken place</i></p>	<p>Directors' have adopted a risk management policy that sets out how the Board oversees the management of key business risks within the business. The policy takes account of:</p> <ul style="list-style-type: none"> <li>(i) definition of key risks;</li> <li>(ii) identification of material business risks;</li> <li>(iii) implementing mitigating actions and reporting on how these are managed.</li> <li>(iv) the recognition of risk as any adverse exposure to events that could affect its ability to discharge its responsibilities to its stakeholders and / or meet its objectives.</li> </ul> <p>The senior management team has responsibility for the day-to-day implementation of risk management and internal control processes.</p> <p>Senior management reports regularly to the board on key business risks and how key risks are being adequately managed / mitigated.</p> <p>Risks are managed based on the probability of occurrence and the impact of such an event is rated on a scale of impact to the business and / or financial performance so as to build up a picture of the key business risks.</p> <p>A review of the risk management framework was not formally undertaken during the reporting period but is planned for the coming months.</p>	<p>Partially Complies</p>
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Corporate Governance Statement Cont'd

<i>Principles</i>	<i>Compliance</i>	<i>Comply</i>
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<b>PRINCIPLE 7 – Recognise and manage risk cont'd</b>		
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7.3

*The listed entity should disclose:*

<p>a) <i>If it has an internal audit function, how the function is structured and what role it performs; or</i></p> <p>b) <i>If it does not have an internal audit function, that fact and the processes it employees for evaluating and continually improving the effectiveness of its risk management and control processes</i></p>	<p>The Company does not have a formal internal audit function.</p> <p>Processes for evaluating and continually improving the effectiveness of risk management and internal control processes include:</p> <ul style="list-style-type: none"> <li>(i) Monthly management reporting of financial position, financial performance, cash flow forecasts and key performance indicators;</li> <li>(ii) Periodical internal review of financial systems and processes undertaken by the CFO;</li> <li>(iii) External audit reviews.</li> </ul>	<p>Does not comply</p>
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7.4

*The listed entity should disclose:*

<p>a) <i>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</i></p>	<p>The business does not have a material exposure to any one specific economic, environmental or social sustainability risk.</p>	<p>Complies</p>
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Corporate Governance Statement Cont'd

<i>Principles</i>	<i>Compliance</i>	<i>Comply</i>
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<b>PRINCIPLE 8 – Remunerate fairly and responsibly</b>		
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8.1

*The Board of a listed entity should:*

- |  |   |                 |
|--|---|-----------------|
| <p>a) <i>Have a remuneration committee which consists of at least three members, a majority of whom are independent directors; and is chaired by an independent director; and</i></p> <p>b) <i>If it does not have a remuneration committee, disclose the 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</i></p> | <p>The Company does not have a remuneration committee.</p> <p>Directors have reviewed the terms of reference for remuneration committees and have formed the view that this key responsibility is more appropriately fulfilled by the full Board.</p> <p>The Board is involved with approving remuneration packages and policies applicable to the senior management team.</p> <p>The Board is also regularly briefed on remuneration trends including regularly benchmarking external remuneration against internal levels.</p> <p>All matters, which might ordinarily be dealt with by a remuneration committee are discussed at Board meetings</p> | <p>Complies</p> |
|--|---|-----------------|

8.2

*The Board of a listed entity should:*

- |   |  |                 |
|---|--|-----------------|
| <p>a) <i>Separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives</i></p> | <p>The principles, details of remuneration and terms of contracts are outlined in the Remuneration Report section of the Directors' Report and the appointment of all senior executives and Board members is approved by the full Board.</p> <p>Non-executive directors' are remunerated by way of fees and statutory superannuation contributions (where applicable).</p> <p>Directors' and Key Management Personnel remuneration is disclosed in the Remuneration Report section of the Directors' Report of the Company's 2016 Annual Report.</p> | <p>Complies</p> |
|---|--|-----------------|

Corporate Governance Statement Cont'd

<i>Principles</i>	<i>Compliance</i>	<i>Comply</i>
<b>PRINCIPLE 8 – Remunerate fairly and responsibly cont'd</b>		

8.3

*A listed entity which has an equity-based remuneration scheme should;*

<p>a) <i>Have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme; and</i></p> <p>b) <i>Disclose that policy or a summary of it</i></p>	<p>The Company operates an Employee and Executive Incentive Plan (EEIP) and Exempt Employee Share Plan (EESP).</p> <p>The Company's Trading in Securities policy stipulates that directors and employees are prohibited from short-term trading in the Company's securities and are prohibited from entering into any hedging arrangements over unvested options.</p> <p>Directors and employees are required to notify the Company of the key terms of arrangements pertaining to any financing of securities of the Company which they have an interest in and where it would be reasonable to expect that the terms and conditions of such financing may result in unilateral selling of the securities.</p> <p>Directors and persons with access to sensitive financial information require approval prior to trading in the Company's securities.</p>	<p>Complies</p>
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Rules 4.7.3 and 4.10.3<sup>1</sup>

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

PACIFIC STAR NETWORK LIMITED

ABN / ARBN:

20 009 221 630

Financial year ended:

30 June 2016

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

- These pages of our annual report:
- This URL on our website: [https://www.pacificstarnetwork.com.au/investors\\_current reports](https://www.pacificstarnetwork.com.au/investors_current reports)

The Corporate Governance Statement is accurate and up to date as at 26 September 2016 and has been approved by the board.

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

Date: 26 SEPTEMBER 2016

Name of Secretary authorising lodgement:



STEPHEN SWEENEY  
Print Name of Secretary

<sup>1</sup> 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.

<sup>2</sup> "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.

<sup>3</sup> 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.



# Pacific Star Network Limited

## 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 ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
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	
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	

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

## Pacific Star Network Limited

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(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:</p> <p>(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</p> <p>(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.</p>	<p>... and the information referred to in paragraphs (c)(1):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>		<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



# Pacific Star Network Limited

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement



# Pacific Star Network Limited

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee 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 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.</p>	<p>If the entity complies with paragraph (b):</p> <p>... the fact that we do not have a nomination committee and the processes we employ 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
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.		<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

## Pacific Star Network Limited

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(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</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
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.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>... our code of conduct or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.pacificstarnetwork.com.au/investors_code_of_conduct_policy">http://www.pacificstarnetwork.com.au/investors_code of conduct policy</a></p>	



# Pacific Star Network Limited

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>If the entity complies with paragraph (b)</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
4.2	<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## Pacific Star Network Limited

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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	
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
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"/> at <a href="http://www.pacificstarnetwork.com.au/investors_disclosure">http://www.pacificstarnetwork.com.au/investors_disclosure</a> Policy	
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
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"/> in the 2016 Annual Report available at <a href="http://pacificstarnetwork.com.au/investors_current">http://pacificstarnetwork.com.au/investors_current</a> reports	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
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.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	

## Pacific Star Network Limited

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<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>		
<p>7.1</p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p style="margin-left: 20px;">(1) has at least three members, a majority of whom are independent directors; and</p> <p style="margin-left: 20px;">(2) is chaired by an independent director, and disclose:</p> <p style="margin-left: 20px;">(3) the charter of the committee;</p> <p style="margin-left: 20px;">(4) the members of the committee; and</p> <p style="margin-left: 20px;">(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 (b):</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
<p>7.2</p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	<p>If the entity complies with paragraph (b):</p> <p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



## Pacific Star Network Limited

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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.	<p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

## Pacific Star Network Limited

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee 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 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.</p>	<p>If the entity complies with paragraph (b):</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
8.2	<p>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>	<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</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</p>	