

21ST CENTURY FOX ANTICIPATED ACQUISITION OF SKY PLC

Summary of hearing with Viet Dinh, Independent Director of 21st Century Fox on 28 November 2017

Introduction

1. Mr Viet Dinh (VD) confirmed that he was an independent director for 21st Century Fox (Fox).
2. VD said he had been an independent director at Fox for 13 years. He said he joined in April 2004 and became the Chair of Corporate Governance about six or eight months thereafter.
3. VD stated that he has served on a wide range of different boards. VD added that he had served as Assistant Attorney General for Legal Policy, and as a Law Professor at Georgetown University Law Center where he still teaches law, in particular corporate governance and constitutional law.
4. VD stated that these responsibilities ensured that he employed a keen eye to corporate governance and ensured that the interests of all shareholders at Fox were protected.

Role of independent directors

5. VD stated that in his view the role of independent directors was constantly evolving. VD added that there was not a single role for independent directors across all companies for all seasons. VD stated that the overriding duty of independent directors was to act in the best interests of all shareholders.
6. VD stated that a good and faithful board discharged that duty and guided the company strategically but also oversaw the operations of the company.
7. VD stated that typically in publicly listed corporations there was a tradition of division of ownership and control, whereby management control the company though they do not own a significant proportion of the shares in the company. VD described this as the disassociation of shareholder control and stated that it was an issue in corporate law and governance.

8. VD stated that where there was a plurality or controlling shareholder who also held a management role, there was no traditional agency problem, as management's ownership of a large block of shares aligned their interests with that of the shareholders at large. Though VD stated that the potential for depression of minority shareholders' interests was an issue presented under the controlling block structure.
9. VD stated that the role of independent directors, as the guardian of the interests of all shareholder, would be to make sure there was no shirking of responsibility by corporate managers and that there was no abuse of the voting powers of the majority shareholders.
10. VD stated that as more companies became transnational, independent directors were very mindful of listing standards of the exchanges where the company was cross-listed. VD added that this had not dissipated the responsibilities of independent directors but had in fact, added to the obligation of independent directors to ensure duties were discharged in the best interests of all shareholders.

Oversight of Fox and Fox News

11. VD stated that when Fox was an Australian company, the Board was selected for three year terms for one-third each. So, directors would serve for three years but only one third would have been up for re-election every single term.
12. VD stated that the Institutional Shareholder Services and other shareholder groups recommended fairly vocally (against the Murdoch family and management's recommendation) to declassify the Board, in order to keep pace with the best in-class governance standards of Delaware law and US offices. VD explained that the Board had taken this into consideration and, as part of the decision to move the company to Delaware law, had also declassified the Board so that each Director is up for re-election every year.
13. VD stated that there were 13 directors on the Board, 8 of which were wholly independent. VD stated that as an ongoing process the Board sought to add new directors to the Board so the diversity of the Board and the diversity of viewpoints was increased.
14. VD stated that he disagreed with third party submissions that Fox's independent directors were less independent than their counterparts in equivalent listed boards. VD stated that the standards for independent directors in US law and in the listing standards for Nasdaq and NYC were at least as stringent and restrictive than those applicable to other Boards.

15. VD stated that based upon his personal experience, he has found that Fox's independent directors all meet the formal definition of independence and added that the directors were truly independent in practice.
16. VD stated that the Fox Board is led by way of consensus. If a topic was discussed but no consensus reached, it would be tabled for further development, information and consideration and discussed again as appropriate at the next Board meeting.
17. VD stated that there were numerous instances over the past decade where the views that were expressed at the Board differed from person to person, including individual members of the Murdoch family.
18. VD stated that there were always discussions regarding the roles of all of Fox's executives. VD noted that Rupert Murdoch had given up the position of CEO and now shared the Executive Chairman title with Lachlan Murdoch, with James Murdoch as CEO. The Board had undertaken a serious and frank discussion in relation to the governance of the company, including any succession planning. VD stated that these types of conversations were had quarterly. He highlighted that the Board constantly evaluated and re-evaluated options.
19. VD stated that Rupert Murdoch, James Murdoch and Lachlan Murdoch were acutely aware of their overlapping obligations as executives, members of the board and as shareholders, and continued to uphold each of these competently.
20. VD stated that Rupert Murdoch, James Murdoch and Lachlan Murdoch, in their capacities as shareholders, were free to use their shares to vote as they wished. But irrespective of this, in their capacities as Board members they had to vote in a way that was consistent with their fiduciary duties as directors.
21. VD stated that he believed the current general consensus of the Board was that it was in the best interests of the company to keep Rupert Murdoch involved in the business. VD said that Rupert Murdoch was a good visionary and a good leader. VD added that Rupert Murdoch had acted responsibly to minority shareholders.
22. VD stated that he did not believe there to be any concerns regarding the multiple roles that Rupert Murdoch had taken on, as he had contributed to the success of Fox.

Nominating and Corporate Governance Committee

23. VD stated that the Nominating and Corporate Governance Committee (NCGC) nominated and evaluated potential new entrants to the Board, every year.
24. VD stated that he was Chairman of the NCGC and had been for over ten years.
25. VD said it was part of his job as an Independent Director and also as Chairman of the NCGC to make sure the views of shareholders were listened to. He stated that concerns raised to him, were shared with the rest of the Board.
26. VD stated that when minority shareholders raised issues with him, he would ensure that interactions between him and the NCGC on the issues were reported regularly. He would then ensure that any significant developments or conversations were reported to the Board.
27. VD explained that there was an institutional organisation of institutional shareholders, based in the United States (US), called the Council of Institutional Investors. VD stated that he spoke with institutional shareholders based overseas (e.g. London, Australia) at the Council of Institutional Investors annual meetings.

Relationships with the Murdoch Family Trust

28. VD stated that he had no interaction with the Murdoch Family Trust (MFT).
29. VD stated he was not sure he had never seen a trust document from the MFT and therefore could not verify its structure or how it operated.
30. VD stated that it was his understanding that the MFT had governance procedures in place that allowed it to manage its Fox shares.

Relationships with the Murdoch family

31. VD stated that he was a godparent to one of Lachlan Murdoch's children. VD stated that Lachlan Murdoch had asked him to be godfather after VD joined the Board and before accepting this responsibility VD had discussed this with the lawyers and with the other independent directors. The Board has determined that this relationship would not impinge on VD's ability to fulfil his fiduciary duties as an independent director (and continues to do so as a part of its process of reaffirming independence on a yearly basis).

Corporate governance and compliance at Fox and Fox News

32. VD stated that Fox implemented a programme of onboarding directors. VD explained that this programme included in-depth overviews of each business unit and was delivered by the company's finance and legal departments.
33. VD also stated that Fox made opportunities for directors to attend third party director trainings.
34. VD said that there was annual training on Fox's statement of business conduct and corporate compliance. VD said that all directors were required to undertake that training so their compliance with Fox's statement of business conduct could be certified.
35. VD stated that the directors had voted on the requirement themselves when the training programme was presented to them. It was agreed that this would be delivered company wide, on an annual basis. The training was revised and enhanced in 2012. VD stated that various risks have surfaced over the last decade, including the FCPA risks that surfaced in relation to the company in 2011 and 2012, as well as the adoption of the UK bribery law. VD highlighted that Fox tried to be as proactive as it could by having appropriate systems and controls in place.
36. VD stated that every year all directors are required to complete a lengthy questionnaire, where all holdings and interests are to be listed. This declaration should be completed for themselves and immediate family members. All interests were brought to the attention of the NCGC.
37. VD stated that in response to the allegations against News International, News Corporation (as it then was) established a compliance infrastructure that was composed of a number of former prosecutors located in the respective business units. This ensured that staff were properly trained, that compliance was effective, and that any lapses in compliance were reported upwards (to the Audit Committee).
38. VD stated that when allegations against Roger Ailes came out the Board acted quickly to exit Mr. Ailes and other senior officers. VD added that this was done so it would be made clear that such conduct would not be tolerated at Fox.

Views on Sky post-transaction

39. VD stated that presently, Fox held 39% of Sky plc's (Sky) shares and that James Murdoch was the Chairman of Sky. VD stated that he was not as

familiar with Fox's interaction with Sky as Jacques Nasser (who previously served on the board of Sky), but stated that Sky was an independent, publicly-listed company that was not controlled by Fox.

40. VD said that the Board's decision to adopt the resolution of 20 April 2017 was a "no-brainer" for the Board, because respecting the editorial independence of Sky News involved protecting one of the key assets that contributed to the Sky brand. VD added that the resolution was to commit to and adhere to the standards that are already adopted by Sky News, and that there was no intention to change any of those standards but that they may, over time, evolve based on regulatory and other requirements.