

## **Report of the Fox News Workplace Professionalism and Inclusion Council dated June 6, 2018**

### Introduction and Background

On April 3, 2018, the Fox News Workplace Professionalism and Inclusion Council (the “WPIC”) had its first official meeting at the New York offices of Twenty-First Century Fox, Inc. (“21st Century Fox”). Members of the WPIC include Chairman Thomas Gaissmaier, Executive Vice President, Chief Human Resources Officer, 21st Century Fox; Kevin Lord, Executive Vice President of Human Resources, Fox News; and four independent members, Sylvia Hewlett, Founder and Chief Executive Officer, Center for Talent Innovation; Honorable Barbara Jones, Partner, Bracewell LLP; Virgil Smith, Principal Consultant, Smith Edwards Group LLC; and Brande Stellings, Senior Vice President, Advisory Services, Catalyst. All WPIC members participated in the meeting, which was chaired by Mr. Gaissmaier.

One of the WPIC’s key responsibilities is to provide support for and monitor Fox News’s compliance with the commitments set forth in the Commitment Statement (available in the 21st Century Fox Statement of Corporate Governance) with respect to recruitment, hiring and advancement; workplace civility, anti-harassment and anti-discrimination training; and providing adequate and redundant mechanisms for receiving and appropriately investigating and responding to complaints and avoiding retaliation. The WPIC will assess Fox News’s practices and procedures in these areas, making recommendations to management with respect to these practices and procedures, and assessing management’s response. As further described below, the WPIC’s first meeting focused on matters related to recruitment, hiring and advancement at Fox News.

An equally important and related responsibility for the WPIC is generally to provide and engage in independent oversight of Fox News’s efforts to ensure the effective implementation by Fox News of the terms of the settlement of the shareholder derivative lawsuit filed by the City of Monroe Employees’ Retirement System. As such, the WPIC intends to make recommendations regarding the policies, practices and procedures for responding to and addressing allegations or complaints concerning harassment, discrimination and/or retaliation at Fox News. However, if members of the WPIC receive any complaints directly, such complaints will be forwarded to Fox News Human Resources to be addressed in accordance with the company’s regular practices and procedures.

It is the WPIC’s goal that, through its efforts, the WPIC will provide recommendations to management to promote an inclusive and welcoming workplace at Fox News. The WPIC believes that supporting an inclusive corporate culture in the Fox News business model will create a positive learning environment, enhance its workplace and mitigate risks to its business and reputation.

### Getting Up to Speed on Recruitment, Hiring and Advancement at Fox News

To provide the independent WPIC members the necessary background on current Fox News programs, Mercheley Beuns, Director of Recruitment, Fox News, and Marsheila Hayes, Director of Campus Programs and Diversity Outreach, Fox News, gave presentations on recruiting strategies to attract and retain a diverse workforce. Mr. Lord shared an overview on the Fox News Diversity and Inclusion Council and how it is assisting in Fox News’s recruiting efforts.

## Fox News Diversity and Inclusion Council

The WPIC notes that the Fox News Diversity and Inclusion Council was launched in 2017 and strives to:

- Deepen the leadership and organizational capacity to advance diversity and inclusion at all levels within the Fox News organization;
- Expand Fox News's efforts and promote a more inclusive work environment for all employees, including women, people of color, disabled persons, LGBTQ, and veterans;
- Encourage the diversity of content across all Fox News content platforms, including broadcast, cable, online and mobile;
- Engage employees, suppliers, partners and stakeholders through education, training, interaction and leadership initiatives that foster an inclusive culture and environment; and
- Reflect the rich diversity presence among the employees and management of the Fox News organization.

The Fox News Diversity and Inclusion Council includes sub-committees focused on recruitment, development, retention, outreach and accountability. The WPIC considered the diversity of experiences, race, ethnicity, gender and sexual orientation represented on the Fox News Diversity and Inclusion Council and suggested that Fox News increase the membership of non-minorities serving on the Fox News Diversity and Inclusion Council to make clear that its mission is the responsibility of all leaders at Fox News. The WPIC is pleased to report that the membership of the Fox News Diversity and Inclusion Council has since been expanded in accordance with the WPIC's recommendation.

## Recruitment of Experienced Hires at Fox News

The WPIC reviewed recent changes in Fox News's processes for attracting and interviewing job applicants. These changes are intended to help mitigate unconscious bias in the hiring process and hire the most qualified candidates by, among other things, rolling out metric-based factors for interviews, training managers on structuring an interview, inviting hiring managers to participate in diversity job fairs, ensuring recruiters present a diverse candidate pipeline and re-designing career marketing materials to reflect Fox News's inclusive workforce. The Recruitment Team has also increased transparency in its hiring process for (i) hiring managers and internal transfer candidates by providing these groups with clear expectations for the process and (ii) the full Human Resources team by providing, on a quarterly basis, information on diversity of applicants and new hires.

The WPIC reviewed the trends in diversity of applicants and new hires at Fox News and intends to review similar data on attrition rates. Members of the WPIC have suggested additional data points for Fox News to track with respect to accepted offers, compensation, work life balance and hiring manager satisfaction. The WPIC discussed the need to improve the yield on hiring of people of color and management indicated it has been working to better understand that hiring trend and hire more people of color. The WPIC raised questions to management regarding how the Fox News brand is represented at diversity-focused journalism conferences and was pleased to hear the ways employees are sharing their positive experiences at Fox News in their engagement with attendees so potential applicants can get to know the people behind the brand.

The WPIC believes the recruitment program at Fox News has undergone a positive evolution in the past year making significant strides in its internal processes and external presentations.

## Campus Recruiting Initiatives

The WPIC reviewed Fox News's campus recruiting strategy and data related to hiring for Fox News's College Associate program, an internship program which serves as a valuable pipeline for entry-level talent. The WPIC noted that a majority of graduating College Associates earned full-time employment at Fox News. The WPIC also reviewed the Fox News Campus Ambassador Program which offers former College Associates an opportunity to serve as brand ambassadors on their college campuses and assist with career fairs, information sessions and other recruiting events on campus.

In addition, Fox News has established partnerships with the Emma Bowen Foundation, which recruits promising students of color and places them in multi-year paid internships at leading media and technology companies, and the T. Howard Foundation, which works to increase the number of diverse and underrepresented groups and underserved communities within the media and entertainment industry. Through these new partnerships, Fox News will welcome to its 2018 College Associate program five Emma Bowen Fellows and six students recruited through the T. Howard Foundation.

The WPIC and the Fox News Recruitment team agreed that these and other efforts to increase diversity in the College Associates program, including efforts to attract male students of color, should continue as such efforts will ultimately increase diversity among new hires from the College Associate program and among Campus Ambassadors.

The WPIC also reviewed the Fox News Multimedia Reporters Training Program, another pipeline of talent for the next generation at Fox News. The program accepts five applicants per year to participate in a two year training program which includes mentorship, ongoing technical training and regular feedback, while they contribute to the content for Fox News radio, digital, cable and broadcasting. The WPIC noted that the class of reporters that was hired for 2018 is 100% diverse and that diversity journalism conventions have played a role in helping management to identify candidates for consideration for the Multimedia Reporters Training Program.

The WPIC supports Fox News's plans to participate in a number of diversity journalism conventions including conventions for the Asian American Journalists Association, National Association of Black Journalists, National Association of Hispanic Journalists, Native American Journalists Association, National Lesbian and Gay Journalists Association, and Excellence in Journalism between August 2018 and September 2018 having received a positive reception at the 2017 conventions. The WPIC also supports Fox News growing its partnerships with foundations and other organizations which promote internship opportunities for students of color.

## Looking Ahead

The WPIC is working to set the agenda and topics to be addressed at future meetings including employee engagement and outreach; employee training and development; employee promotions and retention; use of surveys and other data-driven reviews of workplace conduct; and WPIC engagement with business leaders.

In addition, the WPIC is reviewing additional information provided by management to benchmark the culture of Fox News as it exists today. In order to better understand the practices and procedures at Fox News concerning workplace civility, sexual harassment, discrimination and retaliation, the independent WPIC members also plan to review documentation related to reporting options for employees and how

those options are communicated, Fox News's system for tracking complaints, training materials for employees as well as managers on how investigations are to be conducted and other information on responding to complaints.

Fox News management has made available the following materials:

- Results of a survey of Fox News employees which collected their views on data points related to Fox News's strategy and values; employee pride and affiliation; employee role and responsibility; team and collaboration; employee growth and development; and employee purpose and well-being
- Data on Fox News employee voluntary attrition rates in 2017 and forecasted voluntary attrition rates for 2018 sorted by gender and ethnicity
- Fox News Handbook for Employees
- Fox News Handbook for Freelance and Contributor Employees
- 21st Century Fox Standards of Business Conduct

#### Other Matters

The WPIC reviewed a proposed charter which, following discussion, was adopted in the form attached hereto as Exhibit A.

**Fox News Workplace Professionalism and Inclusion Council Charter**

**Purpose and Reporting**

The Fox News Workplace Professionalism and Inclusion Council (the “WPIC”) will provide and engage in independent oversight and guidance of Fox News’s efforts to ensure the fair, equitable, prompt and effective implementation by Fox News of the terms of the Non-Monetary Relief Agreement (the “Agreement”) entered into between the City of Monroe Employees’ Retirement System (the “Monroe Employees’ Retirement System”) and Twenty-First Century Fox, Inc. (“21st Century Fox” and together with the Monroe Employees’ Retirement System, the “Parties”), as set forth in the actions described below.

The WPIC shall report directly to the Nominating and Corporate Governance Committee of the Board of Directors of 21st Century Fox (the “Board”), and separately to the Chief Executive Officer of Fox News, as described in detail below.

**Membership and Operation**

**Membership**

The WPIC will have a majority of independent members, consisting of the following: Thomas Gaissmaier, Executive Vice President, Chief Human Resources Officer, 21st Century Fox, or his successor in that position, who will serve as the Chair; Kevin Lord, Executive Vice President Human Resources, Fox News Channel, or his successor in that position; two (2) independent appointees nominated by 21st Century Fox, with approval by Monroe Employees’ Retirement System, which shall not be unreasonably withheld; and two (2) independent appointees nominated by Monroe Employees’ Retirement System, with approval by 21st Century Fox, which shall not be unreasonably withheld.

**Nomination and Approval of Members**

Each party’s two (2) nominees to the WPIC shall include one (1) individual who has expertise in the fields of enhancing workplace civility and equality, strengthening corporate compliance with anti-harassment, anti-discrimination, and/or anti-retaliation law and policies, and/or advancing sexual and racial diversity in the workplace; and one (1) person of respected stature with relevant experience in the media industry. The Parties shall promptly and fully disclose to each other relevant information on each of their respective nominees for review and comment, including, but not limited to the names and professional backgrounds and other relevant experience of the nominees and a full disclosure of any relationship each nominee has or has had with the Parties, counsel for the Parties, 21st Century Fox, or Fox News, including whether the nominee owns 21st Century Fox stock and/or options and, if so, in what amounts. Objections or concerns about another party’s nominees shall be expressed privately and informally among counsel. If the Parties are not able to agree to the nominees to the WPIC, either party may apply to the Arbiter (a retired state or federal judge acceptable to both Parties) for assistance in connection with the appointment of a member or members of the WPIC.

**Method for Replacement**

In the event a WPIC member is unable or unwilling to continue to serve as a member of the WPIC, the party who nominated that WPIC member shall nominate a replacement for that member, after disclosing all relevant information concerning the replacement nominee (as described under the heading “Nomination and Approval of Members” above) to the other party for review and comment. If the Chair is unwilling or unable to continue to serve as Chair, the Parties shall jointly select a new Chair. The views of the WPIC members shall be solicited prior to any such selection.

## Compensation

In order to ensure the participation and commitment of the highest quality professionals, 21st Century Fox shall compensate each outside member of the WPIC for his or her services at a fair and reasonable rate for consultants with comparable skills and experience.

## Consultation with Fox News Employees

Mr. Lord will appoint members of Fox News's senior staff to assist the WPIC in performing its duties on an as needed basis. Mr. Lord will help the WPIC identify Fox News employees who may, from time to time, attend meetings of the WPIC in order to assist the WPIC in meeting its responsibilities including, but not limited to providing the WPIC with information, and to otherwise ensure that Fox News employees understand the work of the WPIC. Mr. Gaissmaier will similarly facilitate consultation with and input from employees of 21st Century Fox, as appropriate.

## Avoiding Conflicts of Interest

WPIC members shall not promote or improperly benefit from any relationships between their outside business interests and the WPIC. In the event a WPIC member has an outside business relationship with a service provider and seeks to provide services to the WPIC or Fox News, the WPIC member shall promptly disclose such relationship to the WPIC and recuse himself or herself from any final recommendation or determination to engage such service provider. In addition, where practicable, the WPIC or Fox News, as appropriate, shall seek to obtain at least one other competitive bid for such services from unaffiliated providers.

## **Authority**

The WPIC will have full authority and responsibility to support the fulfillment of the objectives set forth in the Commitment Statement, as set forth below.

The Commitment Statement provides that: 21st Century Fox and Fox News are affirmatively committed and obligated to a business practice and corporate value of zero tolerance for sexual harassment, race discrimination, and all other forms of discrimination prohibited by law, and a corporate policy that creates a safe, productive and welcoming workplace for all of their employees. 21st Century Fox and Fox News are also affirmatively committed and obligated to a business practice and corporate value of zero tolerance for retaliation. This commitment and obligation to zero tolerance for retaliation includes retaliation against anyone who in good faith complains about harassment or discrimination, or who provides support, as a witness or otherwise, for a complaint regarding harassment or discrimination.

## **Meetings**

The WPIC will meet at least four times per year. The WPIC will meet with the Chair of the Nominating and Corporate Governance Committee at least twice per year and will meet with the full Nominating and Corporate Governance Committee at least once per year. Prior to meeting with the Chair of the Nominating and Corporate Governance Committee and publication, the WPIC will provide the Chair of the Nominating and Corporate Governance Committee with drafts of the majority and any minority report, to facilitate Board-level engagement and possible resolution of issues reflected in those reports.

The WPIC shall seek consensus in setting the agenda for the WPIC's work, in making recommendations to Fox News's CEO and senior management and in reporting to the Nominating and Corporate Governance Committee; provided, however, that each individual member of the WPIC has the authority to place items on the agenda of WPIC meetings and to participate in presenting or discussing those and all other agenda items, as well as to raise concerns directly to

the Chair of the WPIC, the Chair of the Nominating and Corporate Governance Committee, and/or the Chief Compliance Officer of 21st Century Fox.

In order to ensure that the WPIC can receive the most candid assessments of the workplace at Fox News and the effectiveness of the WPIC's work, the WPIC may convene executive sessions of all the independent members.

### **Reporting Responsibilities**

The WPIC's reporting responsibilities will include written reports, to be finalized after meeting with the Chair of the Nominating and Corporate Governance Committee as described under the heading "Meetings" above, including majority and minority reports as needed, to the Board at least twice per year during the first two years of the Agreement and at least once per year during years three through five of the Agreement, which will be posted on 21st Century Fox's public website and Fox News's public website, and which must include sufficient detail to evaluate Fox News's implementation of the Commitment Statement and the rest of the Agreement. The annual report of 21st Century Fox will identify the WPIC and refer to the webpages or sections of the 21st Century Fox and Fox News websites where the majority and minority reports of the WPIC are posted.

In formulating recommendations regarding Fox News's practices and procedures, the WPIC will be provided all available information regarding allegations or complaints concerning harassment, discrimination, and/or retaliation at Fox News that Fox News's Human Resources and Legal departments receive; a summary of the matters reported; and the nature of Fox News's response to and investigation of the matters, including any determinations made and any penalties or sanctions imposed, but in no event shall the identity of any individuals who have made such allegations be included in any of the WPIC's reports that are publicly posted without that individual's consent, nor shall the Company's attorney-client privilege or work product be effectively waived or the Company's legal position or ability to defend against any claims be compromised. The exclusive purpose of providing the WPIC with access to information regarding allegations and Fox News's response to those allegations is to assist the WPIC in making recommendations regarding the policies, practices and procedures for responding to and addressing such allegations and otherwise to monitor Fox News's implementation of the Commitment Statement.

### **Consultants and Investigations**

The WPIC may as appropriate hire consultants. The WPIC may also make recommendations to Fox News senior management, Fox News HR department, or to the General Counsel of 21st Century Fox, as the WPIC deems appropriate, to conduct an investigation, to consult with the person(s) or entity conducting such investigation as the WPIC deems necessary, and to be informed of the outcome of that investigation in a manner consistent with the preservation of 21st Century Fox's attorney-client and work product privileges. 21st Century Fox will fund the hiring of any such consultants and any such investigation.

### **Key Responsibilities**

The WPIC shall be responsible for providing support for and monitoring Fox News's compliance with the commitments set forth in the Commitment Statement, with respect to recruitment, hiring and advancement; workplace civility, anti-harassment and anti-discrimination training; and providing adequate and redundant mechanisms for receiving and appropriately investigating and responding to complaints, and avoiding retaliation. The WPIC is charged with assessing Fox News's practices and procedures with respect to these areas, making recommendations to Fox News management with respect to these practices and procedures, assessing management's response, and reporting on these matters to the Nominating and Corporate Governance Committee.

### Data Gathering

The WPIC, with the participation of Fox News, will gather and maintain relevant data, through individual meetings (including with current or former employees of Fox News), and surveys (addressed further under the heading “Periodic Anonymous Surveys” below) and other means, to carry out its responsibilities. Fox News will gather and provide to the WPIC at its request data relevant to the WPIC’s objectives and responsibilities. The WPIC may speak and meet for interviews and discussions, in both formal and informal settings, on- and off-site, with current or former employees of Fox News, including managers and non-managerial employees, as well as consultants, vendors, contributors and others who currently work with Fox News in any capacity. Fox News will prohibit any and all retaliation against any employee who speaks with or meets with the WPIC.

### Periodic Anonymous Surveys

21st Century Fox agrees to fund and enable the administration of anonymous, periodic online surveys of employees, consultants, contributors, and others who work or have worked in relevant ways with Fox News. At the direction of the WPIC, these surveys may be conducted annually by a non-affiliated, expert firm in consultation with the WPIC.

### Communications

The WPIC, with the participation of Fox News, will also make recommendations to management regarding long-term and short-term communications vehicles to help foster an environment within Fox News that is free from harassment, discrimination and retaliation.

### Accountability-Based Performance

The WPIC may offer recommendations to management to ensure that engagement in or tolerance of sexual and racial harassment, discrimination or retaliation related in any way to harassment or discrimination will result in appropriate discipline, including but not limited to appropriate remedial actions, reduced compensation, and termination as appropriate.

### Mandatory Reporting Requirements

The WPIC may offer recommendations to management regarding the development and implementation of mandatory reporting requirements on all managers or supervisors who witness sexual or racial harassment, discrimination, or retaliation.