

# Corporate Governance Statement

Neometals Ltd  
ABN 89 099 116 631

And its wholly owned subsidiaries

<b>Documentary Integrity Control</b>			
<b>Action</b>	<b>Date of Board Resolution</b>	<b>Effective Date</b>	<b>Authorised by</b>
Adoption of this Statement	26 September 2017	26 September 2017	Jason Carone Company Secretary

## Introduction

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The ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 3<sup>rd</sup> edition (referred to as either "ASX Principles" or "**Recommendations**") articulate eight core corporate governance Principles, with commentary about implementation of those Principles in the form of Recommendations.

Under ASX Listing Rule 4.10.3, Neometals Ltd (**Neometals**) is required to prepare a corporate governance statement disclosing the extent to which it has followed the Recommendations in the reporting period. Where a recommendation has not been followed, the fact must be disclosed, together with reasons for the departure from the Recommendation. In addition, a number of the Recommendations require the disclosure of specific information in the corporate governance statement.

The corporate governance statement is current as at 26 September 2017 and discloses the extent to which the Company has followed the Recommendations during the year. The statement has been approved by the board of directors.

On 28 November 2014 the board adopted a new Governance Charter. The new charter was prepared having regard to the Recommendations. It comprises, new Charters for the board and its committees, and a range of new corporate governance policies, protocols and practices. The Governance Charter is disclosed as a single document on the Company's website. The various board and committee charters and corporate governance policies and protocols are also, disclosed separately on the website for ease of reference.

Neometals corporate governance statement is structured with reference to the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations – 3<sup>rd</sup> edition, which principles are as follows:

*Principle 1: Lay solid foundations for management and oversight*

*Principle 2: Structure the board to add value*

*Principle 3: Act ethically and responsibly*

*Principle 4: Safeguard integrity in financial reporting*

*Principle 5: Make timely and balanced disclosure*

*Principle 6: Respect the rights of security holders*

*Principle 7: Recognise and manage risk*

*Principle 8: Remunerate fairly and responsibly*

Details of Neometals compliance with the Recommendations for the year ended 30 June 2017 are disclosed in this statement. Unless described below, all Recommendations have applied for the entire financial year ended 30 June 2017.

Reference in this Corporate Governance Statement to information or documents being publicly available in the Company's website is reference to the Company's website [www.neometals.com.au](http://www.neometals.com.au) under its "Corporate" section:

[www.neometals.com.au/reports/corporate-governance-statement.pdf](http://www.neometals.com.au/reports/corporate-governance-statement.pdf)

## Principle 1: Lay solid foundations for management and oversight

**Recommendation 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.

Under the Company's Governance Charter, the board is responsible for the overall management and strategic direction of the Company and for delivering accountable corporate performance in accordance with the Company's goals and objectives. In performing its role, the specific responsibilities reserved to the board include:

- providing strategic direction to the Group and deciding upon the Group's strategies and objectives in conjunction with the CEO;
- monitoring the strategic direction of the Group and the attainment of its strategies and objectives in conjunction with the executive;
- monitoring the operational and financial position and performance of the Company specifically and the Group generally;
- driving corporate performance and delivering shareholder value;
- assuring a prudential and ethical base to the Group's conduct and activities having regard to the relevant interests of its stakeholders;
- assuring the principal risks faced by the Group are identified and overseeing that appropriate control and monitoring systems are in place to manage the impact of these risks;
- reviewing and approving the Group's internal compliance and control systems and codes of conduct;
- assuring that the Group's financial and other reporting mechanisms are designed to result in adequate, accurate and timely information being provided to the board;
- appointing and, where appropriate, removing the CEO, monitoring other key executive appointments, and planning for executive succession;
- overseeing and evaluating the performance of the CEO, and through the CEO, receiving reports on the performance of other senior executives in the context of the Group's strategies and objectives and their attainment;
- reviewing and approving the CEO's and, in conjunction with the CEO, other senior executive remuneration;
- approving the Group's budgets and business plans and monitoring major capital expenditures, acquisitions and divestitures, and capital management generally;
- ensuring that the Group's financial results are appropriately and accurately reported on in a timely manner in accordance with regulatory requirements;
- as part of its oversight and monitoring function, overseeing that the Group's governance systems and processes are designed and applied to assure compliance with all laws, governmental regulations and accounting standards;
- ensuring that the Group's affairs are conducted with transparency and accountability;
- overseeing the design and implementation of appropriate and effective policies, processes and codes of conduct for the Group (including with respect to ethics, values, conduct, securities trading, disclosure of securities' price sensitive information, employment, remuneration, diversity and otherwise) as well as monitoring and reviewing those policies, processes and codes of conduct from time to time;
- ensuring sound board succession planning including strategies to assure the board is comprised of individuals who are able to discharge the responsibilities of directors of the Company;

- overseeing shareholder and stakeholder engagement, reporting and information flows.

Under the Company's Governance Charter, the board has delegated to the CEO (for sub-delegation as appropriate to his/her senior executive and management team), authority over the management, operations and day to day affairs of the Group.

The board has established the following committees to assist in discharging its responsibilities:

- (a) Nomination Committee (see Principle 2);
- (b) Audit Committee (see Principle 4);
- (c) Risk Committee (see Principle 4); and
- (d) Remuneration Committee (see Principle 8);

Each committee operates according to its board approved charter. The responsibilities of each committee are described in more detail elsewhere in this Corporate Governance Statement. Copies of the Company's Governance Charter and Committee charters are available on the Company's website.

**Recommendation 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 relevant to a decision on whether or not to elect or re-elect a director.

The Company has established a Nomination Committee that is responsible for establishing processes for the identification and recruitment of suitable candidates for appointment to the board, and for considering the re-election of existing directors.

Under the Company's Governance Charter, the Company is required to undertake appropriate checks before appointing a prospective director or recommending their candidacy. The Governance Charter also requires the Company to provide shareholders with all material information in its possession relevant to a decision whether or not to elect or re-elect a director.

Neometals' policy for the nomination, selection and appointment of new directors is set out in the Governance Charter and requires consideration be given to the ability of a potential appointee to add value to the Company and its businesses.

Any candidate for election as a director who is not an existing director seeking re-election must deliver to the Company, at its registered office, written notice consenting to his or her nomination and signifying his or her candidature for the office or the intention of a shareholder to propose them. The consent to act as a Director must include all details required by the Corporations Act and Listing Rules.

The board may also appoint a director to fill a casual vacancy, or as an addition to the existing directors at any time, provided that any such director holds office only until the next annual general meeting, is eligible for re-election at the next general meeting and will not result in the total number of directors exceeding ten.

**Recommendation 1.3** - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Each director and the company secretary have written agreements setting out the terms of their appointment.

**Recommendation 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 Governance Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

**Recommendation 1.5** - A listed entity should:

- (a) have a diversity policy which includes requirements for the board:
  - (i) to set measurable objectives for achieving gender diversity; and
  - (ii) to assess annually both the objectives and the entity's progress in achieving them;
  
- (b) disclose that policy or a summary of it; and
  
- (c) disclose as at the end of each reporting period:
  - (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and
  - (ii) either:
    - (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); or
    - (ii) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.

#### Diversity Policy

The Group respects and values the competitive advantage of "diversity", and the benefit of its integration throughout the Group, in order to enrich the Group's perspective, improve corporate performance, increase shareholder value, and enhance the probability of achievement of the Group's objectives ("**Principle**").

Details of the Group's strategies, initiatives and programs to promote the Principle, including the achievement of gender diversity, as well as the measurable objectives and targets or key performance indicators (KPIs), for those strategies, initiatives and programs to achieve gender diversity are set out in the Company's Diversity Policy a copy of which is publicly available on the company's website.

Management will monitor, review and report to the board including via the Nominations Committee on the achievement of gender diversity and the Group's progress under this Policy.

During FY17 the Company did not make any new appointments in the organization.

During FY17 the proportion of men and women on the Board and in senior executive positions (defined by the Company to have the same meaning as "key management personnel") was as follows:

Position Category	FY 2016		FY 2017	
	Men	Women	Men	Women
Board	80%	20%	80%	20%
Senior Executive	100%	0%	100%	0%
Whole Organisation	62.5%	37.5%	62.5%	37.5%

**Recommendation 1.6** - A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Details of the process and principles adopted by the Company for evaluating the performance of the board, its committees and individual directors are set out in the Board, Committee and Directors Evaluation Protocols which form part of the Company's Board and Management Performance Enhancement Policy which is available on the Company's website.

A performance evaluation of the board, its committees and each director was conducted at the end of FY17.

**Recommendation 1.7** - A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its senior executives; and
- (b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Details of the process and principles adopted by the Company for evaluating the performance of its senior executives are set out in the Senior Executive Performance Review and Evaluation Protocols that form part of the Company's Board and Management Performance Enhancement Policy, which is available on the Company's website.

A formal performance evaluation of the company's senior executives was conducted during the reporting period. The outcome of the evaluation provides the basis for a professional development plan for the key executives. The performance of all senior executives has been evaluated during the reporting period in accordance with this process.

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## Principle 2: Structure the Board to add value

**Recommendation 2.1** - The board of a listed entity should:

- (a) have a nomination committee which:
  - (i) has at least three members, a majority of whom are independent directors; and
  - (ii) is chaired by an independent director,and disclose:
  - (iii) the charter of the committee;
  - (iv) the members of the committee; and
  - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.

As part of the process of adopting a new Corporate Governance Charter, the board established a Nominations Committee in November 2014. Prior to then the board had established a combined Nomination and Remuneration Committee.

A copy of the Charter for the Nominations Committee is available on the Company's website. For the whole of the year the Nominations Committee comprised 3 directors, the majority of which are independent.

For details on the number of meetings of the Nominations Committee held during the year and the attendees at those meetings, please refer to the Directors' Report in the FY17 Annual Report. For details of the respective experience and qualifications of Committee Members, please refer to the Directors' Report in the FY17 Annual Report.

**Recommendation 2.2** - A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Company has assessed the current mix of skills and diversity of its board members, and that to which it is looking to achieve, by use of a board skills matrix.

- (a) The principal relevant mix of skills and diversity of the Company's current board includes:
  - mining exploration / development/ metalurgy
  - finance / accounting / legal / governance
  - senior executive management
  - strategy / risk
  - corporate / merger and acquisition / capital markets
  - relevant business networks
- (b) The additional skills and diversity that the Company's board is seeking to achieve at an appropriate time in the context of the board's succession planning includes:
  - IP/technology project management
  - mining production / processing

- commodity trading / sales

**Recommendation 2.3** - A listed entity should disclose:

- (a) the names of the directors considered by the board to be independent directors;
- (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- (c) the length of service of each director

The board respects “independence” as critical to effective governance. The board defines this primarily to mean “independence of thought and decision making”.

For the whole of the year the board comprised 5 directors:

- 1 non-executive independent director (Steven Cole) – appointed 24 July 2008 (appointed Chair 30 November 2016)
- 2 non-executive independent directors (Natalia Streltsova and Doug Ritchie) appointed 14 April 2016.
- 1 non-executive director (David Reed) who is not independent due to his substantial interest in shares in the company – appointed 20 December 2001 (Chair 2001 to 30 November 2016)
- 1 executive director (Chris Reed) – appointed 20 December 2001

The details of all directors and their independence or otherwise is disclosed in the Company’s annual report.

**Recommendation 2.4** - A majority of the board of a listed entity should be independent directors.

The majority of the board were independent directors over the whole of FY17.

**Recommendation 2.5**- The chair of the board of a listed entity should be an independent director and, in particular should not be the same person as the CEO of the entity.

The Governance Charter provides that the Chair should be non-executive and independent and the roles of the Chair and the CEO should not be exercised by the same person except in special circumstances approved by the board.

The Chair and the CEO are not exercised by the same person.

For the first part of FY17 the Chair (David John Reed) whilst a non-executive director was a substantial shareholder of the company and as such was not independent. On 30 November 2016 non-executive independent director Steven Cole became Chair. Accordingly, from this time the Chair of the board has been an independent director.

**Recommendation 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.



Under its Governance Charter, the Company commits to providing induction programs for new directors and senior executives as well as providing opportunities for continuing professional development for all directors and executives.

New directors are to be provided with an induction pack at the time of their appointment that provides them with detailed information about the Company, its operations, financial position, risk profile and risk management framework, and its strategies and objectives. The pack is also to include copies of the Company Constitution, the Governance Charter, the most recent annual report, recent ASX releases, and minutes and papers of previous board and committee meetings.

New directors also receive a letter of appointment setting out, amongst other things, their rights, duties and responsibilities as a director of the Company.

The directors are encouraged to undertake professional development activities to update and enhance their skills and knowledge.

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### **Principle 3: Act ethically and responsibly**

#### **Recommendation 3.1**

A listed entity should:

- (a) have a code of conduct for its directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

The board considers it essential that directors, management and employees of the Group act ethically and responsibly in carrying out their duties and responsibilities.

Neometals has established codes of conduct to:

- provide a framework for decisions and actions in relation to ethical conduct which underpins the Company's commitment to integrity and fair dealing in its business affairs;
- articulate the practices necessary to fulfil both its legal obligations and the reasonable expectations of its stakeholders; and
- set out the responsibilities and accountabilities of individuals for reporting and investigating reports of unethical practices.

These codes of conduct, entitled "Board Members' and Executives' Code of Conduct" and "Group Code of Conduct/Values" are publicly available on the Company's website.

### **Principle 4: Safeguard integrity in financial reporting**

**Recommendation 4.1** - The board of a listed entity should:

(a) have an audit committee which:

- (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
- (ii) is chaired by an independent director, who is not the chair of the board,

and disclose:

- (iii) the charter of the committee;
- (iv) the relevant qualifications and experience of the members of the committee; and
- (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

As part of the process of adopting a new Governance Charter, the board established an Audit Committee in November 2014. Prior to then the board had established a combined Audit and Risk Committee. The Committee's responsibilities include overseeing:

- Financial Statements and Reporting;
- The Internal and External Audit function; and
- Generally the application and reporting of accounting policies.

A copy of the Charter for the Committee is available on the Company's website.

A copy of the Charter for the Audit Committee is available on the Company's website. The Committee comprises 3 directors all of whom are independent. Accordingly, for the whole of the year all of the members of the Audit Committee were independent.

For details of the number of meetings of the Audit Committee held during the year, the attendees at those meetings, and details of the experience and qualifications of each Committee Member please refer to the relevant section of the Directors' Report in the FY17 Annual Report.

**Recommendation 4.2** - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The board receives a written assurance in respect of each reporting period from the Managing director and the person performing a Chief Financial Officer function that the declaration provided by them in accordance with section 295A of the Corporations Act is founded on their evaluation of the Company's system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

#### **Recommendation 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 external auditor attends the Company's AGM. Shareholders are invited to submit questions to the Auditor in advance of the Company's AGM for consideration at the meeting. Shareholders are also given an opportunity to ask questions of the external auditor at the AGM. No questions were put to the external Auditor at the Company's 2016 annual general meeting.

### **Principle 5: Make timely and balanced disclosure**

**Recommendation 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.

The board is committed to ensuring the Company complies with the ASX Listing Rules' continuous disclosure requirements. It has approved a Continuous Disclosure Policy which:

- sets out the roles and responsibilities of directors, officers and employees in complying with the Company's continuous disclosure obligations;
- establishes procedures for the proper management of the Company's information both in relation to preserving its confidentiality where appropriate and in relation to disclosure where this is required; and
- provides guidelines for communications with brokers, analysts, the media and other third parties.

The Company's Continuous Disclosure / Release of Price Sensitive information Policy is publicly available on the Company's website.

## **Principle 6: Respect the rights of security holders**

**Recommendation 6.1** - A listed entity should provide information about itself and its governance to investors via its website.

The Company's website at [www.neometals.com.au](http://www.neometals.com.au) provides detailed information about the Company, its operations and governance. Under the "Corporate" link on the website, investors have access to all relevant corporate governance information including the Company's constitution, its Governance Charter (which includes all board and committee charters and all corporate governance policies), its annual and half-yearly reports, ASX announcements and meeting notices. Furthermore, under the "directors" subheading investors can view an overview of the Company's directors and senior executive team.

**Recommendation 6.2** - A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company is committed to informing shareholders of all major developments affecting the operations of the Company, its current financial position and its future outlook. The Company has adopted a Policy that sets out the components of its investor relations program. The Company's Communication with shareholders, and other stakeholders Policy is publicly available on the Company's website.

**Recommendation 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.

Refer to the Company's Communication with shareholders, and other stakeholders Policy which is publicly available on the Company's website.

**Recommendation 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 Company's share register is managed by Computershare Limited ("Computershare"). Shareholders have the option of receiving all shareholder communications from the Company and from Computershare electronically. These communications include notices of meeting, dividend statements, and annual and half-yearly reports. As a general rule, Neometals shareholders receive printed copies of documents only where they specifically elect to do so, or in certain limited circumstances where, for example, an original signature or document is required.

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## **Principle 7: Recognise and manage risk**

**Recommendation 7.1** - The board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
- (i) has at least three members, a majority of whom are independent directors; and
  - (ii) is chaired by an independent director,
- and disclose:
- (iii) the charter of the committee;
  - (iv) the members of the committee; and
  - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;
- or
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.

As part of the process of adopting a new Governance Charter, the board established an Risk Committee in November 2014. Prior to then the board had established a combined Audit and Risk Committee. The Committee's responsibilities include overseeing:

- Risk Management;
- Insurance; and
- Generally the adequacy of the Company's processes for managing risk and preventing fraud.

A copy of the Charter for the Committee is available on the Company's website.

A copy of the Charter for the Risk Committee is available on the Company's website. For the whole of the year the Risk Committee comprised 3 directors, the majority of which are independent.

For details of the number of meetings of the Risk Committee held during the year, the attendees at those meetings, and details of the experience and qualifications of each Committee Member please refer to the relevant section of the Directors' Report in the FY17 Annual Report.

**Recommendation 7.2** - The board or a committee of the board should:

- (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and
- (b) disclose in relation to each reporting period, whether such a review has taken place.

During December Q16 the Company undertook a detailed review of the risk management framework based on AS/NZ 31000 2009 that was adopted in a prior period. A further review will take place December Q17 following the Company's strategy meeting that took place in August 2017.

The Company's Risk Management Policy is publicly available on the Company's website.

**Recommendation 7.3** - A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Company's internal audit function operates under the oversight of the Audit Committee. The role the function performs is to address the scope and adequacy of the Company's internal controls and compliance requirements to assure integrity in the Company's operations and affairs. At this early stage of the Company's evolution and business needs, the board has assessed that a dedicated internal audit charter, internal audit plan and/or internal auditor is not needed or warranted, although that assessment will be the subject of future review having regard to the Company's need and circumstances.

The Company's Audit Committee and Risk Committee, in consultation with the Company Secretary / Chief Financial Officer, and with management from time to time with the Company's external auditor periodically evaluate and seek to improve the effectiveness of the Company's risk management and internal control procedures.

**Recommendation 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.

The Company considers that having regard to the nature of its corporate affairs, business and operations, it does not have any material exposure (\*) risk to the following other than as set out in the table following:

- economic sustainability (\*)
- environmental sustainability (\*)
- social sustainability (\*)

(\*) in the terms of Recommendation 7.4 it is noted that these terms are defined as follows:

- (i) *material exposure* – “a real possibility that the risk in question could substantively impact the Company's ability to create or preserve value for security holders over the short, medium or long term.”
- (ii) *economic sustainability* – “the ability of the Company to continue operating at a particular level of economic production over the long term”.
- (iii) *environmental sustainability* – “the ability of the Company to continue operating in a manner that does not compromise the health of the ecosystems in which it operates over the long term.”
- (iv) *social sustainability* – “the ability of the Company to continue operating in a manner that meets accepted social norms and needs over the long term.”

Type of sustainability risk exposure (*)	Details of material exposure to the relevant sustainability risk
economic sustainability	The Company's primary business is in the mining and sale of mineral commodities. The Company is therefore exposed to commodity price and demand volatility risk for its commodities although it seeks to mitigate these risks by entering into long term contractual arrangements.
environmental sustainability	The Company's primary business is in the mining and resources sector with inherent exposure to environmental risks. The Company seeks to ensure compliance with all applicable environmental standards to mitigate the risk.
social sustainability	The Company's main operations are in remote areas often relevant to indigenous heritage and cultural values. The company respects these values and seeks to engage with relevant constituents to ensure co-operation.

## Principle 8: Remunerate fairly and responsibly

**Recommendation 8.1** - The board of a listed entity should:

- (a) have a remuneration committee which:
  - (i) has at least three members, a majority of whom are independent directors; and
  - (ii) is chaired by an independent director,and disclose:
  - (iii) the charter of the committee;
  - (iv) the members of the committee; and
  - (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

As part of the process of adopting a new Corporate Governance Charter, the board established a Remuneration Committee in November 2014. Prior to then the board had established a combined Nomination and Remuneration Committee. The Committee was a recommending, monitoring and review forum of the board in connection with board member, CEO and senior executive remuneration.

A copy of the Charter for the Remuneration Committee is available on the Company's website.

For the whole of the year the Remuneration Committee comprised 3 directors, the majority of which are independent.

For details of the number of meetings of the Remuneration Committee held during the year, the attendees at those meetings, and details of the experience and qualifications of each Committee Member please refer to the relevant section of the Directors' Report in the FY17 Annual Report.

**Recommendation 8.2** - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.

The Company's policies and practices regarding the remuneration of all directors and executives is outlined in the relevant section of the Remuneration Report in the FY16 Annual Report as well as its Remuneration Policy a copy of which is available on the Company's website.

**Recommendation 8.3** - A listed entity which has an equity-based remuneration scheme should:

- (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
- (b) disclose that policy or a summary of it.

The Company has a policy which expressly prohibits participants in an equity based remuneration plan from entering into transactions which limit the economic risk of participating in the plan, whether through the use of derivatives or otherwise. Furthermore, key management personnel of the Company, and closely related parties to them, may not enter into arrangements that would have the effect of limiting their exposure to risk relating to an element of their remuneration that either has not vested, or has vested but remains subject to a holding lock. A copy of the Company's Remuneration Policy is available on the Company's website.