

## CORPORATE GOVERNANCE STATEMENT

### INTRODUCTION

The Board is responsible for establishing Xanadu Mines Ltd's (**Xanadu** or the **Company**) corporate governance framework, the key features of which are set out in this Corporate Governance Statement.

Xanadu provides its Corporate Governance Statement with reference to the 3<sup>rd</sup> edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**). Where Xanadu's corporate governance practices follow the ASX Principles, Xanadu has made appropriate statements reporting on the adoption of the ASX Principles. Where Xanadu's corporate governance practices have not followed the ASX Principles, Xanadu has provided its reasons for not following the ASX Principles and disclosed what, if any, alternative practices Xanadu has or will adopt instead of those in the ASX Principles.

The Corporate Governance Statement is current as at **23 March 2018** and was approved by Xanadu's board of directors (**Board**). Xanadu's charters and policies are available on Xanadu's website under "About" then "Governance" (refer <http://www.xanadumines.com>).

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

#### **Recommendation 1.1:**

The Board and Senior Management of the Company are committed to acting responsibly, ethically and with high standards of integrity as the Company strives to create shareholder value. The Board is responsible for the overall corporate governance of the Company and has developed and adopted corporate governance practices and policies appropriate for a company of Xanadu's size and at its stage of development.

The Company has established functions reserved to the Board and some of these are set out in the Board Charter. The Board is responsible for setting the strategic direction of Xanadu and for the senior executives of Xanadu, including:

- appointing the Chairman of the Company;
- appointing, appraising and removal of the:
  - Managing Director and Chief Executive Officer (**MD & CEO**);
  - Chief Financial Officer (**CFO**); and
  - Company Secretary;
- setting financial strategic objectives;
- overseeing control and accountability systems;
- reviewing and monitoring the Company's audit function;
- financial risk management;
- the oversight and management of material business risks;
- approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders;
- inputting into and final approval of corporate strategy;
- evaluating and approving the annual operating budget and business plans and holding management accountable for delivery of same;
- evaluating, approving and monitoring the progress of major capital and operating expenditure, capital management and all major corporate transactions;
- monitoring compliance with all legal and regulatory and ethical obligations;
- approving the remuneration framework for Non-Executive Directors and Executive Directors; and
- approving employment terms and conditions for Non-Executive Directors and Senior Executives.

Dr Stewart, as MD & CEO, is responsible to the Board for the overall management and performance of Xanadu and has worked closely with Mr Kevin Tomlinson since his appointment as Chairman with effect from 29 May 2017. The MD & CEO manages the Company in accordance with the strategy, plans, practices and policies approved by the Board to achieve the agreed objectives.

Senior Executives are responsible for supporting and assisting the MD & CEO in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

The composition of the Board has been formed on the basis of providing the Company with the benefit of a broad range of technical, administrative and financial skills, combined with an appropriate level of experience at a senior corporate level and board representation by major shareholders. The names and further information regarding the skills, experience, qualifications, relevant expertise and term of office of the Directors are set out in the Directors' Report.

The Board Charter is available on the Company's website under "About" then "Governance".

#### *Developments during the year*

During the reporting period, the Board reconstituted its Committees whereby:

1. the name of the **Audit Committee** was changed to the **Audit and Risk Committee (ARC)**;
2. the membership of the ARC to comprise the following directors:
  - a) Michele Muscillo (Chairman)
  - b) Kevin Tomlinson
  - c) Marcus Engelbrecht
3. the name of the **Governance Committee** was changed to the **Nomination and Remuneration Committee (NRC)**;
4. the membership of the NRC to comprise the following directors:
  - a) Michele Muscillo (Chairman)
  - b) Kevin Tomlinson
  - c) Darryl Clark
5. membership of the **Safety, Health and Environment Committee (SHEC)** to comprise the following directors:
  - a) Darryl Clark (Chairman)
  - b) Kevin Tomlinson
  - c) Ganbayar Lkhagvasuren

#### **Recommendation 1.2:**

When appointing new Directors, the Board and the Nomination and Remuneration Committee consider the mix of skills and expertise required of Directors in order for the Board to contribute to the successful oversight and stewardship of the Company and to discharge its duties under the law diligently and efficiently.

The Nomination and Remuneration Committee undertakes work on behalf of the Board to identify qualified individuals for appointment to the Board. In identifying candidates, the Committee will have regard to the selection criteria set out in the Board appointment process, which includes:

- skills, expertise and background that add to, and complement the range of skills, expertise and background of the existing Directors, giving consideration to the current and future business of Xanadu and the Board skills matrix;
- diversity; and
- the extent to which the candidate would fill a present need on the Board.

At commencement of the Non-Executive Director selection process, the Company undertakes appropriate checks on potential candidates to consider their suitability to fill a casual vacancy on the Board or for election as a Non-Executive Director.

Prior to appointment, candidates are required to provide the Chairman with details of other commitments and an indication of time involved, and to acknowledge that they will have adequate time to fulfil his or her responsibilities as a Non-Executive Director of Xanadu.

Directors available for re-election at a general meeting will be reviewed by the Nomination and Remuneration Committee and recommended to the Board. Directors are re-elected in accordance with the Company's Constitution and the ASX Listing Rules. Shareholders will be provided with all material information for a Director's election in the Annual General Meeting (**AGM**) Notice of Meeting that would be

relevant for shareholders to make a decision on whether or not to elect or re-elect a Director, such as the Director's qualifications, experience and contribution to the Board.

**Recommendation 1.3:**

Newly appointed Non-Executive Directors receive formal letters of appointment setting out the key terms, conditions, responsibilities and expectations of their appointment. Additionally, the Company enters into employment contracts with each newly employed Senior Executive, setting out in further detail the responsibilities specifically delegated to them.

**Recommendation 1.4:**

The Company Secretary is accountable to the Board, through the Chairman on all governance matters to do with the proper functioning of the Board.

**Recommendation 1.5:**

The Company does not have a formal policy concerning diversity and has not established measurable objectives for achieving gender diversity at this time. Given the small size of the Company's workforce, which is predominantly located in Mongolia, the Board has determined that it is not currently necessary or practicable to implement a policy concerning diversity or to establish measurable objectives for achieving gender diversity. The Board will consider and review matters relating to diversity, including whether it is necessary to establish formal policies and objectives as the Company matures.

The table below outlines the proportion of women and men employed by Xanadu as at 1 March 2018:

	<b>Women</b>	<b>Men</b>
Board	1 (14.3%)	6 (85.7%)
Senior Management <sup>1</sup>	0 (0%)	4 (100%)
Whole organisation	5 (20%)	20 (80%)

**Recommendation 1.6**

The Nomination and Remuneration Committee is responsible for developing and implementing a process for evaluating the performance of the Board, Committees and Directors, evaluating the collective performance of the Board, the Chairman of the Board and the individual performance of all the Directors and reporting the results of the evaluation to the Board.

In respect of the reporting period, the Nomination and Remuneration Committee did not undertake a performance evaluation of the Board, its Committees and Directors, however an evaluation is planned during the 2<sup>nd</sup> half of 2018.

The Nomination and Remuneration Committee Charter is available on the Company's website under "About" then "Governance".

**Recommendation 1.7:**

The Nomination and Remuneration Committee is responsible for developing and implementing a process for evaluating the performance of Senior Executives, reviewing the individual performance of all Senior Executives and reporting the results of the evaluation to the Board.

In respect of the reporting period, the Nomination and Remuneration Committee undertook a review of the performance of the MD & CEO and CFO by evaluating their performance against their respective key performance indicators (**KPIs**) set for the year and included within the Short Term Incentive Plan (**STIP**). The outcome of the performance evaluations were reported to the Board to consider performance of Senior Executives.

The Nomination and Remuneration Committee Charter is available on the Company's website under "About" then "Governance".

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<sup>1</sup>Senior management includes all executives reporting directly to the MD & CEO.

## **Principle 2: Structure the Board to add value**

### **Recommendation 2.1:**

The Nomination and Remuneration Committee was established to assist the Board in fulfilling its corporate governance responsibilities in regard to nomination related matters (amongst other items). Without limiting its scope, the Committee is to:

- review Board composition and succession planning, including development of a Board skills matrix;
- oversee induction and continuing education programs for Directors;
- develop and implement a process for evaluating the performance of the Board, its Committees and Directors;
- manage the process for appointing new Directors; and
- review plans for succession of key executives.

The Board has adopted a Nomination and Remuneration Committee Charter. Under the Charter, the Committee must comprise at least three members with a majority of Non-Executive Directors and the Chairman of the Committee is to be an Independent Non-Executive Director.

As from 25 January 2018, the Nomination and Remuneration Committee is chaired by Mr Michele Muscillo, an Independent Non-Executive Director. Prior to that date, the Nomination and Remuneration Committee was chaired in an acting capacity by Mr Darryl Clark, also an Independent Non-Executive Director, following the retirement of the previous Committee Chairman, Mr Barry Lavin on 29 May 2017. The Committee comprises three Independent Non-Executive Directors.

The profile of each of the Nomination and Remuneration Committee members and their attendance at Committee meetings during the reporting period are set out in the Directors' Report.

The Nomination and Remuneration Committee Charter is available on the Company's website under "About" then "Governance".

### **Recommendation 2.2:**

The Nomination and Remuneration Committee assists the Board in developing a Board skills matrix process to identify and assess necessary and desirable Director skills and competencies, and provide advice to the Board on the skills and competency levels of Directors with a view to enhancing the Board composition.

The Board's current skills matrix assessment includes expertise and experience in: geology, exploration and discovery, engineering and mining operations, Mongolian business, senior executive leadership, mergers and acquisitions, funding and finance, corporate affairs and community relations.

The Nomination and Remuneration Committee considers the Board skills matrix when reviewing the Board composition.

### **Recommendation 2.3:**

Directors are independent if they are not members of Management and are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

During the reporting period, the independence of Directors was measured having regard to the relationships listed in Box 2.3 of the ASX Principles and the Company's materiality thresholds set out in the Board Charter.

The following table sets out the Directors of the Company during the reporting period, including their length of service and non-executive and independent status.

Name	Length of Service	Non-Executive?	Independent?
Kevin Tomlinson	10 months	✓	✓
Andrew Stewart	2 years <sup>1</sup>	✗	✗
Hannah Badenach	6years, 5 months	✓	✗
Darryl Clark	5 years, 4 months	✓	✓
Marcus Engelbrecht	2 years, 9 months	✓	✗
Michele Muscillo	7 months	✓	✓
Ganbayar Lkhagvasuren	11 years, 7 months	✗	✗

<sup>1</sup> Dr Stewart was appointed as an Executive Director on 8 March 2016 and Managing Director on 24 October 2016

The current Board has seven Directors comprising two Executive Directors, three Independent Non-Executive Directors and two nominee Non-Executive Directors. The current members of the Board are:

- Mr Kevin Tomlinson - Non-Executive Chairman
- Dr Andrew Stewart - CEO & MD
- Ms Hannah Badenach - Non-Executive Director
- Dr Darryl Clark - Independent Non-Executive Director
- Mr Marcus Engelbrecht - Non-Executive Director
- Mr Michele Muscillo - Independent Non-Executive Director
- Mr Ganbayar Lkhagvasuren - Executive Director

#### **Recommendation 2.4:**

The Board currently does not have a majority of Independent Directors. Ms Badenach is not an Independent Non-Executive Director as she is a nominee of Noble Resources International Pte Ltd, a substantial shareholder of Xanadu. Mr Engelbrecht is not an Independent Non-Executive Director as he is a nominee of Asia Capital Advisors Pte Ltd, a substantial shareholder of Xanadu.

To participate in a particular Board decision, each Director must bring an independent judgement to bear, and in accordance with the Company's Conflict of Interest Protocols, abstain from participating in the deliberation.

Under the Board Charter, the Board must consist of at least a majority of Non-Executive Directors. The current Board comprises a majority of Non-Executive Directors.

#### **Recommendation 2.5:**

The Chairman of the Board is an Independent Non-Executive Director. The role of the Chairman and MD & CEO are not exercised by the same individual. The Board Charter sets out the distinct responsibilities of each role.

#### **Recommendation 2.6:**

##### **Director Induction and Development**

New Directors undergo a formal induction program in which they are given a full briefing on Xanadu, its operations and the industry in which it operates. This includes meeting members of the existing Board, Company Secretary and the Senior Management for new Directors to familiarise themselves with the Company and Board practices and procedures. The Nomination and Remuneration Committee is responsible for reviewing induction procedures for newly appointed Directors to facilitate their ability to discharge their responsibilities.

To achieve continuing improvement in Board performance and to enhance the skills of Board members, all Directors may request and undertake training and professional development, as appropriate, at the Company's expense. During the year, Dr Stewart attended the Australian Institute of Company Directors (AICD) International course and became a member of AICD.

## **Independent Professional Advice**

The Company's Non-Executive Directors have the right, at the Company's cost, to seek independent professional advice in carrying out of their duties as Directors. Any Director seeking independent advice must first discuss the request with the Chairman (or Committee Chairman as the case may be) who will facilitate obtaining such advice. The Chairman may determine that any advice received by a Director be circulated to the Board.

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

### **Recommendation 3.1:**

#### **Code of Conduct**

The Code of Conduct governs all Xanadu's commercial operations and the conduct of Directors, employees, contractors, consultants and all other people when they represent Xanadu (**Personnel**).

The Company's Code of Conduct discloses the practices necessary to maintain confidence in the integrity of the Company and its subsidiaries, the practices necessary for the Company to fulfil its legal obligations, the responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour; and clarifies the standards of ethical behaviour required of the Board, Senior Executives and all employees to encourage the observance of those standards.

The Board monitors implementation of the Code. All Personnel are requested to report immediately any circumstances which may involve a breach of this Code of Conduct to the Company Secretary, the MD & CEO or the Chairman. The Code protects individuals who, in good faith, report conduct which they reasonably believe to be corrupt, illegal or unethical on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment.

The Code of Conduct is available on the Company's website under "About" then "Governance".

#### **Securities Trading Policy**

The Securities Trading Policy applies to all Personnel. The Policy prohibits Personnel from dealing in Xanadu securities while in possession of price-sensitive or inside information.

In addition, Directors and Senior Executives of the Company and its subsidiaries (**Designated Persons**) and any family member or associate over whom a Designated Person has influence (**relevant persons**), may deal in Xanadu securities by following the 'notice of intent to deal' procedures, but are prohibited from dealing in Xanadu securities (subject to exceptional circumstances) during certain blackout periods.

Designated Persons and relevant persons are prohibited from entering into hedging arrangements or otherwise permitting a grant of a charge over Xanadu's securities.

Directors and Senior Executives are not permitted to enter into transactions with securities (or any derivative thereof) in associated products which limit the economic risk of any unvested entitlements awarded under any equity-based remuneration scheme currently in operation or which will be offered by the Company in the future.

The Securities Trading Policy is available on the Company's website under "About" then "Governance".

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

### **Recommendation 4.1:**

The Board has established an Audit and Risk Committee and adopted an Audit and Risk Committee Charter. Under the Charter, the Committee must comprise at least three members, with a majority of Non-Executive Directors and the Chairman of the Committee is to be a Non-Executive Director. Members should be all financially literate, and at least one member should have relevant financial qualifications and experience and all members should have understanding of the industry in which the Company operates.

The Company considers that the Audit and Risk Committee members collectively have the mix of skills and expertise appropriate for the Company. As from 25 January 2018, the Audit and Risk Committee is chaired by Mr Michele Muscillo, an Independent Non-Executive Director. Prior to that date, Mr Marcus Engelbrecht, was the Committee Chairmam, a Non-Executive Director and while not Independent, the Board believed that Mr Engelbrecht was appropriately qualified to be charged with the role and responsibility as Committee Chairman.

Committee members' qualifications and their attendance at the Audit and Risk Committee Meetings are set out in the Directors' Report. All the Committee members are financially literate and have an understanding of the industry in which the Company operates.

The Audit and Risk Committee Charter is available on the Company's website under "About" then "Governance".

#### **Recommendation 4.2:**

Prior to Board approval of Xanadu's quarterly, half year and annual financial reports, the MD & CEO and CFO must provide the Board with declarations required under or consistent with (as the case may be) section 295A of the Corporations Act 2001(Cth) and Recommendation 4.2 of the ASX Principles.

For the financial year ended 31 December 2017, the MD & CEO and CFO provided the Board with declarations that, in their opinion, the financial records of Company had been properly maintained and that the financial statements complied with the appropriate accounting standards and gave a true and fair view of the financial position and performance of the Company and that the opinion had been formed on the basis of a sound system of risk management and internal control which was operating effectively.

A similar declaration will be given by the MD & CEO and CFO in respect of the half year ended 30 June 2018 and each Quarterly Report throughout the year.

#### **Recommendation 4.3:**

Xanadu's external auditor attends each AGM and is available to answer shareholder questions about the conduct of the audit and preparation and conduct of the Independent Auditor's Report. Xanadu believes this is important in both promoting and encouraging shareholder participation in the meeting and providing balanced and understandable information. The Company also considers that this reflects and underlines the role of the auditor and the auditor's accountability to shareholders.

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

##### **Recommendation 5.1:**

The Board has adopted a Continuous Disclosure Shareholder Communications Policy to ensure the Company's compliance with its disclosure obligations under the Corporations Act 2001 (Cth) and ASX Listing Rules. The Policy outlines the procedures that apply to the central collection, control, assessment and if required, release to ASX, of material information.

The only persons authorised to speak to ASX or externally (such as analysts, investors, brokers or shareholders) in relation to the Company are the:

- Chairman;
- MD & CEO; and
- Company Secretary.

The Continuous Disclosure and Shareholder Communications Policy is available on the Company's website under "About" then "Governance".

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

##### **Recommendation 6.1:**

The Board is committed to providing shareholders with sufficient information to enable them to assess the performance of Xanadu, and to inform shareholders of major developments affecting the state of affairs of

Xanadu. Information is communicated to shareholders by lodging all relevant financial and other information with the ASX and publishing information on Xanadu's website, [www.xanadumines.com](http://www.xanadumines.com).

Xanadu's website ([www.xanadumines.com](http://www.xanadumines.com)) contains an overview of the Company's profile and businesses. The following Company and governance information is available on the website:

- Xanadu's strategy and projects;
- Board and Management profiles;
- Corporate Governance Charters and Policies;
- corporate directory, including Share Registry contact details;
- ASX announcements - current and historical;
- presentations;
- technical reports;
- financial and annual reports; and
- share price information.

#### **Recommendation 6.2:**

Xanadu will hold its AGM on Tuesday, 24 April 2018 and the Chairman and MD & CEO will engage with shareholders in advance of the AGM, as appropriate.

Should shareholders wish to contact the Company, the contact details of Xanadu and its Share Registry (see Recommendation 6.4) are available on the Company's website ([www.xanadumines.com](http://www.xanadumines.com)).

Xanadu recognises the importance of its relationships with investors and analysts. The Chairman and MD & CEO are each the primary contacts for communicating with the investment community. Further details are contained in the Continuous Disclosure and Shareholder Communications Policy available on the Company's website under "About" then "Governance".

#### **Recommendation 6.3:**

To encourage shareholder engagement and participation at the AGM and general meetings, shareholders have the opportunity to attend, ask questions on the floor, participate in voting and meet the Board and Management in person.

Shareholders who are unable to attend a meeting are encouraged to vote on the proposed motions by appointing a proxy via the proxy form accompanying the Notice of Meeting. At the AGM, shareholders have the opportunity to submit written questions to the Company and external auditor, or make comments on the management of the Company and access AGM presentations and speeches made by the Chairman and MD & CEO prior to the commencement of the meeting. The Company will publish results of the meeting to the ASX and on its website following the conclusion of the AGM or general meeting.

#### **Recommendation 6.4:**

Shareholders have the option of receiving all shareholder communications (including notification that the Annual Report is available to view and Notices of Meetings) by email. Shareholders can also subscribe to ASX announcement email alerts via the Xanadu website under "Contact" then "Alerts". Electronic communications have the added advantage of being more timely and cost effective, which benefits all shareholders.

The Company's contact details are available on the Company's website under "Contact". Shareholders can contact Xanadu via email at [info@xanadumines.com](mailto:info@xanadumines.com).

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

##### **Recommendation 7.1:**

Following the review of Xanadu's governance practices, the Board considered the scope of the Audit and Risk Committee and determined that given the size and stage of development of the Company as well as its Board and Committee Meetings schedule, it would more appropriate to retain the responsibilities for risk oversight at the Board that would consider risk periodically at its regular Board Meetings. However for 2018 onwards, the oversight of risk management will revert to the Audit and Risk Committee.



## **Audit and Risk Committee**

Refer to commentary under Recommendation 4.1 for further information about this Committee.

## **Safety, Health and Environment Committee**

In addition, the Safety, Health and Environment (**SHE**) Committee assists the Board in fulfilling its corporate governance responsibilities in regard to safety, health, environment and community matters concerning Xanadu, including operational risk management.

Under the Charter, the Committee must comprise at least three members with a majority of Non-Executive Directors and the Chairman of the Committee is to be an Independent Non-Executive Director.

The Safety, Health and Environment Committee comprises two Independent Non-Executive Directors, Dr Darryl Clark (Committee Chairman) and Mr Kevin Tomlinson, and one Executive Director, Mr Ganbayar Lkhagvasuren. The Committee comprises a majority of Non-Executive Directors and the Company considers its members collectively have the mix of skills and expertise appropriate for the Committee to assist the Xanadu Board.

The profile of each of the Safety, Health and Environment Committee members and their attendance at Committee meetings during the reporting period are set out in the Directors' Report. During the year there were no meetings of the Safety, Health and Environment Committee as the Board elected to suspend its operation and determined that given the size and stage of development of the Company as well as its Board and Committee Meetings schedule, it would more appropriate to retain the responsibilities for SHE oversight at the Board that would consider SHE matters periodically at its regular Board Meetings.

The Safety, Health and Environment Committee Charter is available on the Company's website under "About" then "Governance".

### **Recommendation 7.2:**

The Board has required Management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires Management to report to it confirming that those risks are being managed effectively.

During the reporting period, the Board did not receive a formal report from Management as to the effectiveness of the Company's management of its material business risks, however necessary assurances were given by the MD & CEO and the CFO to the Board at the time of approving the financial statements for the half year ended 30 June 2017 and the year ended 31 December 2017.

### **Recommendation 7.3:**

The Company does not have an internal audit function at this time. Given the small size and scope of the Company's operations, the Board has not established an internal audit function. During the reporting period, the Audit and Risk Committee was responsible for oversight of the Company's internal processes and practices and assessing the effectiveness of the Company's risk management and internal control processes.

### **Recommendation 7.4:**

The Board recognises that material risks facing the Company are the more significant areas of uncertainty or exposure to the Company that could adversely affect the achievement of the Company's objectives and successful implementation of its business strategies.

Xanadu does not have material exposures to economic, environment and social sustainability risks. However, Xanadu will strive to conduct its business in ways that appropriately balance financial, social and environmental benefits.

Details about the Company's material business risks, such as political and regulatory risks, capital management and exchange rate and commodity price risks, and approach to managing these business risks are set out in the Review of Operations.

The Board will consider these material risks as part of its periodic risk management review, on an as required basis upon advices from either the Safety, Health and Environment Committee, the Audit and Risk Committee or Senior Management (including the MD & CEO and Chief Geologist).

### **Principle 8: Remunerate fairly and responsibly**

The Nomination and Remuneration Committee was established to assist the Board in fulfilling its corporate governance responsibilities in regard to remuneration related matters (amongst other items). Without limiting its scope, the Committee is to:

- review and make recommendations to the Board on the remuneration framework for Non-Executive Directors and Executive Directors;
- review senior executive performance and any performance-related incentive recommendations; and
- review and recommend to the Board any awards under the Xanadu Incentive Equity Plan.

Refer to commentary under Recommendation 2.1 for further information about this Committee.

### **Recommendation 8.2:**

Non-Executive Directors are paid fees from an aggregate sum approved by shareholders of the Company. There are no retirement schemes for Non-Executive Directors, other than superannuation. Non-Executive Directors are remunerated at a fixed fee for time, commitment and responsibilities and their remuneration is not linked to the operating performance of the Company. From time to time and where appropriate, the Company may issue equity awards to Non-Executive Directors subject to shareholder approval. Details about equity-based incentives to Non-Executive Directors during the year are set out in the Remuneration Report.

Pay and rewards for Executive Directors and Senior Executives consists of a base salary and performance incentives. Long term performance incentives are delivered via share rights granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of total remuneration at market rates and these are reviewed annually to ensure market competitiveness.

Details of remuneration, including the Company's policy on remuneration, are contained in the Remuneration Report which forms part of the Directors' Report. The Company's remuneration policies are reflected in the Company's Remuneration Philosophy (as set out at the start of the Remuneration Report). The Company's Remuneration Philosophy is to establish competitive remuneration, including performance incentives, consistent with long term development and success, to ensure remuneration is fair and reasonable, taking into account all relevant factors, and within appropriate controls or limits, ensure performance and remuneration are appropriately linked, that all remuneration packages are reviewed annually or on an ongoing basis in accordance with Management's remuneration packages and that retirement benefits or termination payments (other than notice periods) will not be provided or agreed other than in exceptional circumstances.

### **Recommendation 8.3:**

Directors and Senior Executives are not permitted to enter into transactions with securities (or any derivative thereof) in associated products which limit the economic risk of any unvested entitlements awarded under any equity-based remuneration scheme currently in operation or which will be offered by the Company in the future.

The Securities Trading Policy is available on the Company's website under "About" then "Governance".