

2018 Corporate Governance Statement

Please find attached, Alumina Limited's 2018 Corporate Governance Statement, a copy of which is located in the Governance section of the Company's web site.



Stephen Foster
Company Secretary

28 March 2019

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ALUMINA LIMITED CORPORATE GOVERNANCE STATEMENT 2018

2018 CORPORATE GOVERNANCE STATEMENT

The following statement describes Alumina Limited's corporate governance framework, policies and practices. The governance framework is approved by the Board of Directors and management is generally responsible for its implementation.

This statement relates to the financial year ended 31 December 2018 and is accurate and up to date as at 22 March 2019. This statement has been approved by the Board.

APPROACH TO CORPORATE GOVERNANCE

When Alumina Limited considers its corporate governance responsibilities it takes into account:

- analysing and adopting best practice governance principles and practices;
- overlaying its business philosophy and practices with its ethical values and principles;
- prudent delegation of responsibilities; and
- appropriate monitoring systems, processes and authorities, responsible delegation of duties and authorities and internal controls.

WEBSITE

The Company's website (www.aluminalimited.com/governance) contains more detailed information on Alumina Limited's Board and Committee Charters and corporate governance policies and practices.

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

Alumina Limited is a listed company on the Australian Securities Exchange (ASX) and trades on the OTC Market in the US. Alumina Limited meets each of the requirements of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition).

Refer to the Appendix 4G lodged by Alumina Limited with the ASX, which sets out the extent of compliance with each ASX Recommendation and specifies where relevant corporate governance disclosures can be found.

GOVERNANCE FRAMEWORK

GOVERNANCE GUIDELINES

Values and Code of Conduct

Board and Committee Charters

GOVERNANCE OVERSIGHT

BOARD OF DIRECTORS

AUDIT AND RISK MANAGEMENT COMMITTEE

RESPONSIBILITIES

- Financial management & reporting
- Internal controls
- Risk management framework
- Audit strategy & performance

NOMINATION COMMITTEE

RESPONSIBILITIES

- Select and appoint Directors and CEO
- Identify necessary Board & Committee competencies
- Assess director skills & competency

COMPENSATION COMMITTEE

RESPONSIBILITIES

- Oversight of remuneration, compensation plans, policies & practice

DELEGATION AND CONTROLS

Delegated authorities

Corporate governance and internal controls

CHIEF EXECUTIVE OFFICER

Senior Management – Management Committee

ETHICAL & ACCOUNTABLE WORK PRACTICES

SHAREHOLDER VALUE

GOVERNANCE GUIDELINES

– PROMOTING ETHICAL CONDUCT AND BEHAVIOUR

Alumina Limited's Corporate Governance Framework is underpinned by its corporate values and Code of Conduct. These are the defining ethical boundaries of the Company which contribute to the Company's corporate culture. These principles apply to the Company's directors, Chief Executive Officer (CEO), senior executives and other employees. Training on the Code of Conduct is conducted annually and directors, the CEO, senior executives and other employees are required to certify that they understand and agree to abide by these standards.

Alumina Limited also has a Sustainability Policy that outlines our commitment and goals towards sustainable business practices in relation to the Company, AWAC and our stakeholders.

The Company's values are detailed in full on our website at www.aluminalimited.com/values-and-code-of-conduct.

Alumina Limited's Code of Conduct provides guiding principles for conducting our business:

- We will be honest and ethical in all of our actions and relationships and act in the interests of the shareholders.
- As a minimum, we will observe the rule and intent of all relevant governmental laws, regulatory and professional rules and guidelines.
- We will maintain an appropriate level of confidentiality at all times with respect to the Company, employees and business associates' information.
- We will act fairly, be honest, open, and accountable in all dealings with internal and external parties.
- We will avoid situations in which individual personal interest may conflict with the interest of the Company and communicate any real or potential conflicts of interest to the Board.
- We will maintain all records of the Company to be accurate, in accordance with applicable procedures and accounting standards and ensure that financial information is complete, fair, timely and understandable.

- Where commercially prudent, financial information will be openly available to internal and external users.
- We will maintain systems of sound internal controls and procedures, and act in a manner to protect the Company's assets, appropriately manage risk and ensure financial information is complete and accurate.
- We will uphold the Company's values and principles as reflected in this Code, the Company's policies, standards and charters.
- We will not use the corporate privilege of information, position or property for the purposes of personal gain or competing with the Company.
- In fostering ethical, fair and legal behaviour, we encourage officers and employees to report any questionable practice. Reprisals against people for reports made in good faith will not be tolerated.
- Any request for a waiver of the provisions of this Code may only be considered by the Company's Board of Directors. Any waiver granted will be promptly disclosed on the Company's website.
- Any suspected violations of this Code should be reported promptly to the Chairman of the Company's Board of Directors. Violations will be investigated by the Board or by a person or persons designated by the Board and appropriate action will be taken in the event of any violations of the Code.

Annually each staff member is required to review and acknowledge they understand and will abide by the principles of the Code.

The Company also has an International Business Conduct policy that provides guidance in international business activities and the ethical and governance expectations of employees, directors and intermediaries. Training is conducted annually including a review of intermediaries.

Alumina Limited's governance management is also guided by the scope, roles and responsibilities of the Board and its Committees, as defined in their respective Charters (for more information, refer to page 12 and 13 of this statement).

BUSINESS CONDUCT POLICY

Alumina Limited's Anti-Corruption and Money Laundering Policy prohibits bribery and corruption in all business dealings. The Company's International Business Conduct Policy provides principles and procedures on conducting business internationally and complying with the requirements of various laws, including prohibition of bribery and related conduct. All employees receive annual training on the International Business Conduct Policy. Additionally, as part of the compliance regime, each year employees, Directors and intermediaries are provided with a copy of the International Business Conduct Policy and are required to review the Policy and sign a certificate acknowledging that they understand the Policy and have not taken or do not know of any action taken to violate the Policy.

WHISTLEBLOWING

Alumina Limited has a Whistleblower Policy that encourages and offers protection for staff to report, in good faith, any behaviour, practice, or activity that they have reasonable grounds to believe involves:

- unethical or improper conduct;
- financial malpractice, impropriety or fraud;
- contravention or suspected contravention of legal or regulatory provisions; and
- auditing non-disclosure or manipulation of the internal or external audit process.

An independent Whistleblower hotline is available to employees who wish to make an anonymous or confidential complaint, or a formal complaint process can be initiated to designated officers within the Company. A copy of the Whistleblower Policy can be found on the Company's website at www.aluminalimited.com/whistleblower-policy-serious-complaints.

CONFLICTS OF INTEREST

Each Director has an ongoing responsibility to determine if they have a conflict of interest, whether direct, indirect, real or potential, that may impede their impartial decision-making. Directors are required to disclose to the Board details of any transactions or interests that may create a conflict of interest. Alumina Limited's Constitution expressly forbids a Director voting on a matter in which they have a direct or indirect material personal interest as defined in section 195 of the Corporations Act 2001 to the extent that it is prohibited by the Corporations Act 2001 or ASX Listing Rules.

SHARE TRADING POLICY

Alumina Limited has a policy on the trading of Alumina Limited securities by our Directors and employees. Annually employees are required to attend a Share Trading Policy training session to explain and reinforce the application of the Policy. The Board believes it is in all shareholders' interests for Directors and employees to own shares in the Company and so encourages shareholding subject to prudent controls and guidelines on share trading. The policy prohibits Directors and employees from engaging in short-term trading of any Alumina Limited securities or buying or selling Alumina Limited shares if they possess unpublished, price-sensitive information. Trading in derivative products over the Company's securities, and or entering into transactions in products that limit the economic risk of their security holdings in the Company, are also prohibited.

In addition, Directors and senior management must not buy or sell Alumina Limited shares in the period between the end of the half or full financial year and the release of the results for the relevant period. Directors and senior management must also receive approval from the Chairman or CEO before buying or selling Company securities. A copy of Alumina Limited's Share Trading Policy can be found on our website at www.aluminalimited.com/share-trading-policy.

SHARE TRADING AND HEDGING PROHIBITIONS

Performance Rights granted under Alumina Limited's LTI arrangements (details of which are set out in the Remuneration Report on pages 40 and 63 of the Annual Report 2018) must remain at risk until fully vested.

This is consistent with Alumina Limited's Share Trading Policy that prohibits Directors and employees from engaging in:

- short-term trading of any Alumina Limited securities;
- buying or selling Alumina Limited securities if they possess unpublished, price-sensitive information; or
- trading in derivative products over the Company's securities, or entering into transactions in products that limit the economic risk of their security holdings in the Company.

GOVERNANCE OVERSIGHT

Board responsibilities and delegation of authority.

The principal role of Alumina Limited's Board of Directors is protecting and furthering the interests of shareholders by overseeing the strategic direction of the Company. The Board is guided by its Charter that establishes the role and specific responsibilities and authority of the Board of Directors.

The primary responsibilities of the Board are to:

- appoint the CEO;
- monitor the performance of the CEO and senior executives;
- formulate Alumina Limited's strategic direction and monitor its execution;
- monitor and optimise business performance; and
- approve Alumina Limited's external financial reporting.

Matters specifically reserved for the Board and its Committees are:

- appointment of the Chairman of the Board and the CEO;
- approval of dividends;
- appointment of directors to fill a vacancy or an additional director;
- call meetings of shareholders; and
- issue of securities of the Company.

BOARD AND COMMITTEE MEMBERSHIP

In 2018, for the majority of the year, the Board of Alumina Limited consisted of five Non-Executive Directors and an Executive Director – the CEO. Mr Mike Ferraro was CEO and Managing Director during 2018.

As announced in November 2017, Mr Pizzezy retired as a Non-Executive Director and Chairman of the Board on 31 March 2018. Mr John Pizzezy was succeeded by Mr Peter Day as Chairman of the Board on 1 April 2018. Board members at the date of this statement and their participation on Board Committees are:

Director	Board Status	Date of Appointment	Audit and Risk Management Committee	Nomination Committee	Compensation Committee
Mr Peter Day	Chairman, Independent Non-Executive Director	1 January 2014 ¹	Member and Chair to 31 March 2018	Member	Member
Ms Emma Stein	Independent Non-Executive Director	3 February 2011	Member	Member and Chair from 1 June 2017 to 31 March 2018	Member and Chair
Mr Chen Zeng	Non-Executive Director	15 March 2013	Member	Member	Member
Mr Michael Ferraro ²	Executive Director	5 February 2014 (as Non-Executive Director)	Not applicable	Not applicable	Not applicable
Ms Deborah O'Toole	Independent Non-Executive Director	1 December 2017	Member and Chair from 1 April 2018	Member	Member
Mr John Bevan	Independent Non-Executive Director	1 January 2018	Member	Member and Chair from 1 April 2018	Member

Notes:

1 Mr Day was initially appointed as an Independent Non-Executive Director on 1 January 2014. He became Chairman on 1 April 2018.

2 Mr Ferraro was initially appointed as an Independent Non-Executive Director on 5 February 2014 and was a member of each Board Committee and Chair of the Nomination Committee until his appointment as CEO on 1 June 2017 (and hence an Executive Director).

A brief biography of each Alumina Limited Director, summarising their skills, experience and expertise relevant to their role as Director and the period for which they have held office, is included in the Annual Report 2018 (see pages 16 to 19 of that report). This disclosure includes the qualifications of the Audit and Risk Management Committee members. Also disclosed on page 7 of this statement and set out in the Directors' Report on page 19 of the Annual Report 2018 is the attendance of Directors at Board and Board Committee meetings during 2018.

BOARD MEETINGS

The Board scheduled nine formal meetings in 2018, two of which were solely for the Annual and Half Year results (respectively).

Scheduled Board meetings typically involve:

- approving previous minutes and considering outstanding items arising from minutes;
- a review of the CEO's Business Performance Report;
- reports on finance and treasury matters;
- reports on capital works projects and special projects;
- review of industry and global market trends and analysis;
- strategy updates;
- deliberation on internal policy and procedure matters;
- reports from Committee Chairs; and
- consideration of business and governance matters (including risk management).

Board meetings are generally attended by the senior management team of the CFO, General Counsel/ Company Secretary and Group Executive Strategy & Development (as well as by the CEO as a Director). Other senior managers and expert consultants participate in meetings as required.

Non-Executive Directors conduct meetings from time to time without the presence of executives.

The Chairman of the Board presides over these meetings. To enable interested parties to make any concern known to Non-Executive Directors, the General Counsel/Company Secretary, Mr Foster, acts as an agent for the Non-Executive Directors. Procedures for handling all direct communications for Non-Executive Directors are detailed on the Company's website.

ALUMINA LIMITED DIRECTORS' ATTENDANCE AT MEETINGS

January to December 2018

BOARD MEETINGS			AUDIT AND RISK MANAGEMENT COMMITTEE MEETINGS		COMPENSATION COMMITTEE MEETINGS		NOMINATION COMMITTEE MEETINGS	
Directors	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
G J Pizzey ¹	3	3	3	3	1	1	1	1
E R Stein	9	9	6	6	4	4	2	2
C Zeng	9	9	6	6	4	4	2	2
P Day	9	9	6	6	4	4	2	2
M Ferraro ²	9	9	0	0	0	0	0	0
D O'Toole ³	9	7	6	5	4	3	2	2
J Bevan ⁴	9	8	6	6	4	3	2	2

NOTE:

1. Mr Pizzey retired as a Non-Executive Director and Chairman of the Board on 31 March 2018.
2. Mr Ferraro is Managing Director and Chief Executive Officer and is not a member of the Committees of the Board however may attend in his capacity as CEO.
3. Ms O'Toole was granted Leave of Absence for one Board meeting and one meeting of the Compensation Committee.
4. Mr Bevan was granted Leave of Absence for one Board meeting and one meeting of the Compensation Committee.

DIRECTOR SKILLS AND EXPERIENCE

In order to effectively discharge the Board's duties, it is necessary that collectively the Directors hold the appropriate balance of skills and experience. As a smaller-sized Board, directors are sought with functional skills (eg. operations, finance, legal) and international experience from the alumina industry or from other relevant backgrounds (eg. other mining and resources, oil and gas/energy, other capital intensive sectors). The Board seeks a complementary diversity of skills and experience across its members, recognising the complex and varied issues facing a minority partner and its interest in a large scale, global and capital intensive business. The Nomination Committee utilises a Skills Matrix to determine whether the appropriate mix of skills and experience exists among the Board and Committee members and to identify key attributes required for future candidates.

The Board's current Skills Matrix includes the following attributes:

Board skills and experience	No. of Directors who meet criteria
Established management and leadership skills Maintained a successful business career at a very senior level exercising influence over staff at varying levels of seniority	6
Knowledge and experience in applicable industry and market Practical and extensive knowledge of working in or advising the natural resources, capital intensive sector	6
International experience Held senior management or equivalent roles in overseas locations or worked for an Australian based organisation with major export or international business or been exposed to a range of political, cultural, regulatory and business environments	6
Governance High level experience gained from working in major corporate environments that operate under exacting governance regimes	6
Environment, Health and Safety and Sustainability Experience and knowledge of working on environment, health and safety and sustainability activities directly or as part of operational responsibility	4
Strategy Proven record of developing and implementing a successful strategy, including appropriately probing and challenging management on the delivery of agreed strategic planning objectives	6
Financial expertise Wide-ranging financial skills, experience and knowledge in senior management roles including oversight for risk management and internal control	4
Capital projects Experience working in an industry with large-scale capital projects requiring long-term investment	6
Joint Ventures Practical knowledge of working with or advising large-scale joint ventures	6
Technical Skills Experience in the operations of mining, metals and large-scale processing facilities	4
Mergers, acquisitions and divestments Experience in, or providing advice on, the consolidation of companies, businesses or assets	6

Alumina Limited positions its board to have all critical areas covered by more than one director to allow comprehensive debate on vital topics while maintaining board diversity. It is considered that the current Board members' combined expertise appropriately satisfies the necessary skill sets identified in the Skills Matrix.

DIRECTOR INDEPENDENCE

Director independence from day-to-day management is viewed as essential to ensure objective governance. Alumina Limited considers that Directors are independent if they are:

- autonomous of management; and
- free of any interest, position, association or relationship (including material business relationship) that might influence or interfere with, or reasonably be perceived to influence or interfere with, in a material respect, their capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Alumina Limited Group and its security holders generally.

Alumina Limited's guidelines for Director independence are formalised in a policy that, among other things, requires the Board to assess Director independence on an annual basis and otherwise as it feels is warranted.

In assessing the independence of Directors, the following matters are considered:

- any existing relationships with the Alumina Limited Group – either direct or indirect – including professional affiliations and contractual arrangements;
- any past relationships with the Alumina Limited Group, either direct or indirect;
- materiality thresholds; and
- the definitions of independence embodied in Australian and US corporate governance standards.

In forming a decision on Director independence, the materiality thresholds used by Alumina Limited include:

- the value of a contractual relationship is the greater of \$250,000 or two per cent of the other company's consolidated gross revenues;
- in relation to a principal of, or employee of, a present or former material professional adviser or consultant of the Company within the previous three years, the greater of \$250,000 or two per cent of the professional adviser's or consultant's gross revenues; and
- for an employee or any family member currently employed as an executive officer by another company that makes payments to or receives payments from the Alumina Limited Group for property or services in an amount that exceeds, in any single fiscal year, the greater of \$250,000 or two per cent of the other company's consolidated gross revenues.

The Board has concluded that five of the six Non-Executive Directors who held office during 2018 are independent. In reaching this conclusion the Board has considered the following relationships and associations:

- Mr Pizzey was, until December 2003, Group President of the AWAC joint venture. Mr Pizzey's previous employment with Alcoa Inc and AWAC does not materially impede his objectivity, exercise of independent judgement, or ability to act in the best interests of the Company. Mr Pizzey's employment with Alcoa Inc ceased in December 2003, over fifteen years ago.
- Ms Stein was, from June 2004 to May 2017, a Non-Executive Director of Diversified Utilities Energy Trust (DUET), a majority owner of the Dampier to Bunbury Natural Gas Pipeline (DBNGP). Alcoa of Australia Limited is a user of the DBNGP and held a 20 per cent interest until divesting it in April 2016. Alumina Limited has a 40 per cent interest in Alcoa of Australia Limited. Ms Stein declared her interest and has not participated in any decision-making matter that relates to Alcoa of Australia Limited's dealings with the DBNGP. The Board has concluded that Ms Stein's directorship of DUET does not prejudice her independence.
- Mr Day had no previous association with the Company or any other relationships that were relevant to his independence.
- Mr Zeng is not considered independent due to current and previous roles with (or with entities associated with) a substantial shareholder in the Company.
- Ms O'Toole had no previous association with the Company or any other relationships that were relevant to her independence.

In addition, the Board considered the following relationships and associations in respect of other Directors in 2017:

- Mr Bevan was CEO of Alumina Limited between 2008 and 2013. The Board concluded that his employment with Alumina does not materially impede his objectivity, exercise of independent judgement, or ability to act in the best interests of the Company.
- Mr Ferraro was not considered independent due to his executive responsibilities.

For further information on materiality thresholds and Director independence, please refer to the Company's Policy on Director Independence, available on the Company's website at www.aluminalimited.com/director-independence.

BOARD SUCCESSION PLANNING AND DIRECTOR APPOINTMENT

The Nomination Committee regularly reviews the size and composition of the Board and whether its members possess the necessary competencies and expertise for the role. The Nomination Committee is also responsible for the Board's succession planning and, as necessary, nomination of candidates to fill any vacancy on the Board.

The Board engages the services of a professional recruitment firm to assist in searches for Non-Executive Directors. Additionally, any search for a new Director is conducted in accordance with the Company's Diversity Policy (and as a consequence seeks to include suitably qualified external female candidates) and the professional recruitment firm is also briefed on the skill set and experience that is desired. Appropriate enquiries are also made of a candidate's character, experience, education, criminal record and bankruptcy history. Upon appointment, a Non-Executive Director receives an agreement that details the Director's terms of appointment, remuneration, insurance and indemnity arrangements and expectations of involvement in Committees and time commitments.

Every new director is provided with an induction folder that includes the Company's values and Code of Conduct, Board and Committee Charters, Company policies, summary of director obligations and related matters and is briefed on management, business and industry matters.

The procedure for selection and appointment is detailed in the Nomination Committee Charter, available in the Governance section of the Company's website at www.aluminalimited.com/nomination-committee.

BOARD ELECTION

A Director seeking re-election at an Annual General Meeting (AGM) is subject to a peer review to determine if their performance meets the performance criteria prior to receiving endorsement for re-election.

Alumina Limited's Constitution requires Directors (excluding the CEO) to retire at the third AGM since they were last elected or re-elected. A retiring Director seeking re-election is subject to an appraisal and recommendation by the Nomination Committee whether to support the Director's re-election. The Board reviews the Nomination Committee recommendation to determine whether to recommend that shareholders vote in favour of the re-election. Mr Zeng is due for re-election by rotation and will stand for re-election at the 2019 AGM in accordance with the Company's Constitution. Details of Mr Zeng's experience, qualifications and performance will be disclosed, together with the Directors' statement of support, in the 2019 AGM Notice.

BOARD AND COMMITTEES PERFORMANCE MEASUREMENT

Annually the directors undertake a self-assessment process that links outcomes to key performance criteria contained in the relevant Board and Committee Charters. This process involves each director completing a questionnaire on Board and Committee performance and the Chairman addresses the results with the Board. The self-assessment process is used to evaluate the performance of the Board, its committees and individual directors. The self-assessment process was conducted for the year 2018.

DIRECTORS' SHARE OWNERSHIP

Alumina Limited requires Independent Directors (as defined in the Company's Policy on Director Independence) to hold shares in the Company having a value equal to 50 per cent of their base annual fees by the expiry of five years from the date of their appointment.

Provided the minimum shareholding requirement is satisfied when shares are acquired or by the expiry of the five year term, should a decline in the Company's share price mean the value of the shareholding does not equal 50 per cent of the amount of base annual fees, Directors are not required to acquire shares to increase their level of shareholding to equal the amount of 50 per cent of the base annual fees.

Details of the Independent Director share acquisition policy and number of shares held by each Non-Executive Director as at 31 December 2018 are disclosed in the Remuneration Report on page 58 of the Annual Report 2018.

DIRECTOR EDUCATION

It is essential for the Directors of Alumina Limited to be updated on business and industry trends and key dynamics. The Directors are provided with industry briefings including addresses by independent industry specialists to ensure that Directors receive relevant information on the aluminium and alumina industry fundamentals that impact the performance of AWAC and Alumina Limited. Visits to operating sites for business reviews and presentations to the Board from AWAC executives also provide key insight into the AWAC assets and operations.

Directors also receive routine updates on corporate governance and regulatory changes as they apply to corporate governance, accounting standards and relevant industry matters.

New Non-Executive Directors undertake an induction program and receive on their appointment an Induction Pack that provides them with copies of the Company's key policies, Values and Code of Conduct and information pertaining to the risk management and governance frameworks.

DIRECTORS' ACCESS TO INDEPENDENT ADVICE

To assist Directors in fulfilling their duties and responsibilities, the Board, its Committees and individual Directors equally are entitled to seek independent expert advice on any matter as considered necessary, with the consent of the Chairman of the Board. The Chairman requires the Board's approval to seek independent advice. Independent advice might be sought in relation to technical or specialised matters and the Company will meet any expense incurred.

PERFORMANCE EVALUATION OF CHAIRMAN, NON-EXECUTIVE DIRECTORS AND CHIEF EXECUTIVE OFFICER

An annual assessment of the performance of the Chairman of the Board is conducted by the Chairman of the Nomination Committee in consultation with the other Non-Executive Directors. Each director is required to individually provide feedback on the performance of the Chairman of the Board against the Chairman's approved role specifications. A report is presented to the Directors. For 2018 the performance evaluation of the Chairman of the Board was conducted in accordance with the disclosed process.

The Chairman of the Board reviews each Director's individual performance annually. The CEO's performance is reviewed on a semi-annual basis. The review involves assessing progress against agreed objectives that were developed for the year. The objectives include corporate and personal objectives that are measurable. Performance assessment is stated in greater detail in the Remuneration Report. The CEO performance reviews were conducted for 2018 in accordance with the disclosed process.

BOARD COMMITTEES

The Board of Alumina Limited has delegated certain responsibilities to three principal Board Committees: the Audit and Risk Management Committee, the Nomination Committee and the Compensation Committee. Each Committee has its own governing Charter and the Committees comprise only Non-Executive Directors. Committee membership and the record of attendance during 2018 are detailed in the table on page 7 of this statement and are also set out in the Directors' Report on page 19 of the Annual Report 2018.

During 2018, and in accordance with Company Policy, the then Chairman of the Board, Mr Pizzey, and his successor Mr Day (from his date of appointment as Chairman), did not chair any of the Board Committees.

The Committee Charters describing the scope and responsibility of each Committee are available for review on our website at www.aluminalimited.com/committee-charters.

Committee	Role and responsibilities	Activities Undertaken in 2018
Audit and Risk Management	<p>The role of the Board's Audit and Risk Management Committee is to provide assistance to the Board in:</p> <ul style="list-style-type: none"> • overseeing and reviewing the Company's risk management framework and the effectiveness of its risk management, by: • assessing the Company's exposure to business risks including the strategies in place for managing key risks, and for determining whether there is appropriate coverage in the internal audit plans; and • reviewing and ratifying management's actions in the identification, evaluation, management, monitoring and reporting of material operational, financial, compliance, structural and strategic risks, including reviewing the risk framework systems and procedures for risk identification rating and management at least annually to satisfy itself that it continues to be sound; and • fulfilling the Board's responsibilities for Alumina Limited's financial statements and external reporting, by assessing the processes relating to: <ul style="list-style-type: none"> • reporting of financial information to users of financial reports; • adoption and application of accounting policies; • financial management; • internal financial control systems, including internal audit; and • independent auditor qualifications, independence and performance. <p>The Audit and Risk Management Committee also reviews other issues as requested by the Board or the CEO.</p> <p>In 2018 the Committee was chaired by Mr Peter Day until his appointment as Chairman of the Board on 1 April 2018. Ms O'Toole was appointed Chair of the Committee succeeding from Mr Day. Both directors are considered by the Board as financial experts.</p>	<p>The Audit and Risk Management Committee met on six occasions in 2018 and reviewed:</p> <ul style="list-style-type: none"> • the Company's financial statements; • significant accounting matters; • external and internal auditor audit plans and the auditors' performance against those plans; • the Company's International Business Conduct Policy; • non-audit services; • the auditors' reports; • risk management framework and compliance • tax governance framework; and • internal control framework. <p>The Chairman of the Audit and Risk Management Committee consults from time to time with the Company's external and internal auditors without the presence of Alumina Limited's management.</p>

Committee	Role and responsibilities	Activities Undertaken in 2018
Compensation Committee	<p>The Compensation Committee is responsible for making recommendations to the Board in relation to the Company's remuneration strategy, policies and practices. It is accountable for ensuring that, in setting remuneration rewards, employee and shareholder interests are aligned and that remuneration structure and rewards are competitive and will attract and retain motivated and talented employees.</p> <p>The Compensation Committee's brief includes overseeing the Company's short-term and long-term incentive plans and remuneration for Non-Executive Directors, reviewing the succession plans for the CEO and his direct reports, and overseeing the transparent disclosure of the Company's remuneration practices.</p>	<p>The Compensation Committee met four times during 2018 to consider:</p> <ul style="list-style-type: none"> • Non-Executive Director remuneration; • review of KMP remuneration and structure; • executive and staff remuneration review and personal performance assessment; • review and approval of the Company's Short Term and Long Term Incentive Plans; • review of the Company's Remuneration Report; • performance reviews for short-term and long-term incentive plans; • approval of Alumina Limited corporate objectives against which the Senior Executive compensation is to be measured; • review and selection of remuneration consultants; • CFO succession planning; and • annual diversity review of remuneration by gender.
Nomination Committee	<p>The Nomination Committee assists and provides recommendations to the Board on succession planning for Directors. In preparing recommendations to the Board, the Committee considers the following matters:</p> <ul style="list-style-type: none"> • identifying the necessary and desirable competencies of Board members; • regularly assessing competencies necessary to be represented by Board members; • selection and appointment process for Directors; • regularly reviewing the size and composition of the Board, including succession plans; and • determining which Non-Executive Directors are to retire in accordance with the provisions of Alumina Limited's Constitution. <p>A function of the Nomination Committee is to ensure that the Board has the right balance of skills and experience to discharge its responsibilities. The Nomination Committee will consider individuals for Board membership who have demonstrated high levels of integrity, the ability to create value for shareholders and motivation for the task and who can apply such skills and experience for the benefit of the Company.</p>	<p>The Nomination Committee met twice during 2018.</p> <p>Activities undertaken included:</p> <ul style="list-style-type: none"> • review of the Company's Diversity Policy and objectives; • annual diversity review of, and reporting on, the relative proportion of women and men in the workforce; • performance evaluation of directors and • performance evaluation of, and endorsement for re-election of, those directors, subject to re-election to the Board.

DELEGATIONS AND CONTROLS

AUTHORITY DELEGATED TO SENIOR MANAGEMENT

The scope of authority delegated to the senior management team (CEO level and immediate management (senior executives) level below the CEO) for managing the day-to-day affairs of the Company is defined within the Board Charter and Company Policies. The Charter expressly states matters that cannot be delegated by the Board or its Committees. The level and scope of management's delegated authority is further described in the Company's Group Authorities Schedule. The Group Authorities Schedule is reviewed on an annual basis to ensure that delegations are appropriate and that those control systems are effective.

Senior executives during 2018 were Mike Ferraro, Chief Executive Officer, Chris Thiris, Chief Financial Officer (CFO); Stephen Foster, General Counsel/Company Secretary and Andrew Wood, Group Executive Strategy & Development. Mr Thiris retired effective 31 December 2018 and Ms Galina Kraeva was appointed as Interim Chief Financial Officer. Senior Executives are defined as those people within the Company (in addition to the CEO) who participate in developing strategy and make decisions that put into effect the approved strategies that influence the whole or a substantial part of the business. Management meetings are typically conducted on a weekly basis to communicate and assess progress against key objectives and co-ordinate effort to create business synergies.

Alumina Limited's Board Charter and other Company Policies are included in full in the Governance section of our website at www.aluminalimited.com/governance.

SENIOR MANAGEMENT

Alumina Limited is managed by an experienced management team focusing on maximising returns, growing the Company, and ensuring shareholders benefit fully from Alumina Limited's interest in the AWAC joint venture. Our executive management team comprises:

MIKE FERRARO

LLB (Hons)

CHIEF EXECUTIVE OFFICER (APPOINTED 1 JUNE 2017)

Mr Ferraro was appointed Chief Executive Officer effective from 1 June 2017. He has responsibility for the overall management of Alumina Limited in accordance with the strategy, policies and business processes adopted by the Board. Immediately before his appointment as CEO, Mr Ferraro was Partner, Client Development-Asia Pacific at Herbert Smith Freehills, a global law firm, and was formerly global head of the Corporate Group at the firm. He was also a member of their executive management team. Between 2008 and 2010 Mr Ferraro was Chief Legal Counsel at BHP Billiton Ltd.

Mr Ferraro has considerable experience in the resources sector and has over 30 years of experience in joint ventures, mergers and acquisitions, fund raising, and regulatory issues across a wide range of sectors and countries. He also has considerable experience in the commercial and financing aspects of large transactions gained from a number of years in investment banking as a corporate adviser.

CHRIS THIRIS

BA (Acc) MBA, CA, CFTP (Snr)

CHIEF FINANCIAL OFFICER (RETIRED 31 DECEMBER 2018)

Chris Thiris joined Alumina Limited in September 2011 as Interim CFO and became CFO in December 2011. He is responsible for accounting, treasury, investor relations and taxation. Mr Thiris has extensive experience in finance and other management functions gained through senior roles he has held at Orchard Funds Limited and Coles Group Limited.

STEPHEN FOSTER

BCom LLB (Hons) GDipAppFin (Sec Inst) GradDip CSP, ACIS **GENERAL COUNSEL AND COMPANY SECRETARY**

Stephen Foster is responsible for legal, company secretarial, shareholder services, insurance and human resources. He has a wide range of legal and commercial experience gained over 30 years, at Village Roadshow and WMC Limited, after working with the legal firm of Arthur Robinson & Hedderwicks (now Allens).

ANDREW WOOD

BA LLB GDipAppCorpGov (GIA) FGIA, FCIS
GROUP EXECUTIVE STRATEGY & DEVELOPMENT

Andrew Wood is responsible for strategy and business development, including market analysis, pursuing strategic investments and developing industry relationships. He has over 30 years' resources experience in commercial and legal roles, mainly at WMC Resources Ltd and Sibelco.

GALINA KRAEVA

BEcon Novosibirsk State University of Economics and Management (Russia), CA, FCCA

INTERIM CHIEF FINANCIAL OFFICER

Ms Kraeva joined Alumina Limited as Financial Controller in October 2012 and is currently acting as an interim Chief Financial Officer. Prior to joining Alumina Limited, Ms Kraeva spent 14 years with PricewaterhouseCoopers in Australia and Russia, most recently as a partner in its Melbourne office.

CHIEF EXECUTIVE OFFICER

The CEO is responsible for the day-to-day management of the Company and operates under delegated authority from the Board. The CEO's responsibilities include:

- recommending strategic initiatives to the Board and, where approved, ensuring their implementation;
- managing the day-to-day operation of the Company according to the Values and Code of Conduct;
- preparing and presenting the Company's business plans; and
- appointing and reviewing the performance of senior management.

ROLE OF THE COMPANY SECRETARY

The appointment of the Company Secretary/General Counsel is ratified by the Board. As defined in the Board Charter, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Mr Stephen Foster is the Company Secretary/General Counsel. A profile of his qualifications and experience is set out on page 14 of this statement. The role of Company Secretary/General Counsel for Alumina Limited includes:

- providing legal advice to the Board and management as required;
- advising the Board on corporate governance principles;
- generally attending all Board meetings and preparing the minutes;
- monitoring that the Board and Committee policies and procedures are followed;
- facilitating the induction of Directors; and
- managing compliance with regulatory requirements.

DIRECTORS' AND EXECUTIVES' REMUNERATION

Details of the remuneration policies and practices of Alumina Limited for 2018 in respect of Non-Executive Directors on the one hand and executive Directors and senior executives on the other are set out in the Remuneration Report on pages 40 to 63 of the Annual Report 2018. Shareholders will have the opportunity to vote on a non-binding resolution to adopt the Remuneration Report at the 2019 AGM.

PERFORMANCE EVALUATION OF SENIOR EXECUTIVES

Semi-annual reviews of the performance of each Senior Executive against individual tasks and objectives are undertaken by the CEO. These personal objectives, which were agreed to at the beginning of the performance period, relate to key areas of performance over which the individual has accountability and influence. The performance reviews of the Senior Executives were conducted in 2018 in accordance with the disclosed process.

The Compensation Committee also obtains independent remuneration information for comparative purposes. Salary reviews and short-term incentives are determined by assessing performance against both individual performance and Company performance targets. Long-term incentives are assessed against the Company's total shareholder return compared with that of the Australian and international industry peer group. In 2018 the Committee conducted those reviews in accordance with the disclosed process. The assessment of Senior Executive performance in 2018 is detailed in the Remuneration Report (on page 40 to 63 of the Annual Report 2018).

DIVERSITY

Alumina Limited is committed to fostering a workplace that has an emphasis on diversity. In the relatively small office environment that exists at Alumina Limited of 11 full time employees and a Board consisting of six Directors, the value of diversity in thought, experience and skills is magnified.

A Diversity Policy has been established that presents key undertakings and standards that promote, among other things, impartiality in recruiting from a wide talent base, provide opportunities for employees to develop skills and broaden their perspectives and that reflect the Company's corporate values of tolerance and fairness. The Diversity Policy includes the responsibility of the Board to develop and monitor and report on the effectiveness of measurable objectives and the Diversity Policy in general. Diversity encompasses but is not limited to gender, age, culture (ethnicity), language, religious beliefs and disabilities.

Our Diversity Policy applies to all Alumina Limited employees, including contractors and consultants acting on the Company's behalf, and includes the recruitment and selection process, terms and conditions of employment including pay, promotion, work assignment, and training as well as any other aspect of employment. The Company also recognises that work-life balance and priorities are important and vary according to individual circumstances and has an objective of offering more diverse work-life outcomes. As a result, a Flexible Work Arrangement Policy has been in place since 2013. The Company's approach to diversity is designed to ensure that the Company offers an attractive and challenging work environment for securing and retaining talented and professional employees. Any appointment process is conducted in reference to the Diversity Policy and the Company's diversity objectives. Responsibility for oversight of diversity matters, including an annual review and report on the relative proportion of women and men in the workforce of the Company, has been delegated to the Nomination Committee. Details of the policy are set out under the policies section of the Company's website at www.aluminalimited.com/diversity-policy.

The Diversity Policy includes a commitment by the Board of Directors to establishing measurable objectives for gender diversity. Alumina Limited's current diversity objectives are:

CURRENT OBJECTIVES	RESULT
To engage consultants who support and promote the Company's diversity policy, including assisting to identify additional suitably qualified external female candidates	Achieved throughout 2018
To ensure that candidate lists for permanent employee positions are recognisably diverse by age, sex or ethnicity	Achieved throughout 2018
To ensure that in the interview process for each executive position (i.e. CEO level, immediate management level below CEO) there is at least an equal number of appropriately qualified female candidates and at least an equal number or majority of females on the interview panel	Achieved throughout 2018
To consider diversity when reviewing board succession plans with the aim to improve gender representation and diversity	Achieved throughout 2018
That the Company has at least one female Non-Executive Director	Achieved throughout 2018

Gender Balance

During 2018, the Board mostly consisted of six Directors, five Non-Executive Directors of which two were female (representing 40 per cent of the Non-Executive Directors and approximately 33 per cent of total Directors).

As at 31 December 2018, 27 per cent of Alumina Limited's eleven employees were women. As of 19 November 2018, Ms Galina Kraeva was appointed as Interim Chief Financial Officer and was represented on the four-person senior management team (CEO level and immediate management level below the CEO).

ACCOUNTABLE WORK PRACTICES

CORPORATE REPORTING AND RISK MANAGEMENT

The CEO and the CFO have made the following written certifications to the Board for the 2018 full year financial statements:

1. In their opinion:

- Alumina Limited's financial records for the financial year have been properly maintained in accordance with the Corporations Act 2001;
- the financial statements and the notes for the financial year comply with the accounting standards;
- the financial statements and the notes give a true and fair view of the financial position and performance of the Company in accordance with section 297 of the Corporations Act 2001; and
- the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2. The above certification has been formed on the basis of a sound system of risk management and internal control and that system is operating effectively.

In addition, the CEO and the CFO provided written certifications to the Board to the above effect in relation to the Company's 2018 half-year financial statements.

MANAGING BUSINESS RISK

Alumina Limited's Risk Management Policy sets out the policies and procedures for covering risks such as those relating to markets, credit, price, operating, safety, health, environment, financial reporting and internal control. The Board has adopted the Risk Management Policy. Alumina Limited is exposed to risks, both indirectly, through its investment in AWAC, and directly as a separately listed public company.

Alcoa, as the manager of AWAC, has direct responsibility for managing the risks associated with the AWAC business. Alcoa utilises its policies and management systems to identify, manage and mitigate those risks. Alumina Limited reviews the management and mitigation of AWAC risks through participation on the AWAC Strategic Council and the Boards of the key operating entities within AWAC.

Alumina Limited uses internal controls as well as risk management policies that are appropriate to our risks as an independent corporate entity. We have developed a risk management framework that profiles a range of material business risks, both financial and non-financial in nature, which are potentially significant for the current operation and profitability and/or long-term value of the Company. Each material business risk identified has an explicit risk strategy and system of internal controls.

Alumina Limited's most significant commercial risk exposures are to alumina prices and related markets, foreign exchange movement, joint venture structure risks, and regulatory risks.

Alumina Limited has considered details of Alumina Limited's material economic, environmental and social sustainability risks, as well as details of how those risks are managed, are referred to in the Risks section of the Operating and Financial Review of the Directors' Report (in the Annual Report 2018).

Management has provided a report to the Audit and Risk Management Committee on the effectiveness of Alumina Limited's management of material business risks. This report includes an assurance from the CEO and CFO that the declaration provided in accordance with section 295A of the *Corporations Act 2001* (refer to Corporate Reporting and Risk Management) is founded on a sound system of risk management and internal control and that the system is operating effectively.

The Audit and Risk Management Committee reviews the Company's risk management framework at least annually. The Committee, in its 2018 review of the risk management framework, was satisfied in regards to its soundness.

Also, Alumina Limited produces an annual sustainability update which is available on the Company's website at <https://www.aluminalimited.com/sustainability>, informed by the Global Reporting Initiative Sustainability Guidelines (GRI4) that identifies material aspects of the AWAC business including environmental and social aspects. The Board is informed annually on sustainability matters by management who attend meetings of AWAC's governing body, the Strategic Council, at which sustainability matters are reported. In terms of sustainability governance for AWAC, Alumina Limited's principal interest is the integration of sound environmental, social and governance practices alongside sustainable financial performance.

This is achieved through:

- discussing AWAC's long term strategies and objectives with managing partner Alcoa;
- supporting the policies and practices that are implemented in AWAC companies to ensure sustainable operations; and
- reviewing reports of non-compliances including for environmental and labour matters.

Alumina Limited assesses potential sustainability risks and opportunities for shareholders. We do this through our risk management framework's processes that are reviewed and updated through the Audit and Risk Management Committee.

Alumina Limited's Risk Management Policy and controls are covered in more detail in the Governance section of our website at www.aluminalimited.com/risk-management.

EXCHANGE RATE AND ALUMINA PRICE RISK

AWAC's operations are well placed on the global cost curve. Its revenues are underpinned by sales contracts with high-quality industry participants – mainly customers with whom it has longstanding commercial arrangements.

Given this underlying business position, shareholders' interests are best served by Alumina Limited and AWAC remaining exposed to alumina price and exchange rate risk, and generally not seeking to manage that risk through the use of derivative instruments. However, business circumstances sometimes dictate that it is prudent for the AWAC joint venture and Alumina Limited to manage such risks through derivative instruments.

CONTINUOUS DISCLOSURE

Alumina Limited has a Continuous Disclosure Policy that defines the legal and regulatory obligations, materiality guidelines and reporting process, and is designed to ensure compliance with the continuous and periodic disclosure obligations under the Corporations Act 2001 and ASX Listing Rules and to ensure accountability at a senior executive level for that compliance. Responsibility for meeting ASX disclosure requirements rests primarily with the Company Secretary. Training is conducted annually with all staff to ensure they understand the Company's obligations, and their role in fulfilling them, under the continuous disclosure provisions. A review of continuous disclosure matters, if any, is conducted at each Board meeting.

Copies of Alumina Limited's releases to the ASX, investor presentations and Annual Reports are available on the Company's website at www.aluminalimited.com/announcements. Alumina Limited's Continuous Disclosure Policy is available on the Company's website at www.aluminalimited.com/continuous-disclosure-policy.

AUDIT GOVERNANCE

EXTERNAL AUDIT

PricewaterhouseCoopers is Alumina Limited's external audit services provider and reports through the Audit and Risk Management Committee to the Board.

The Audit and Risk Management Committee has the primary responsibility for managing the relationship with the external auditor including their appointment, compensation and agreeing on the scope and monitoring the performance and effectiveness of the annual internal and external audit plans and approval of non-audit related work. The Committee also reviews, at least annually, the assessment of the Company's exposure to business risks and the strategies in place for managing key risks, and determines whether there is appropriate coverage in the internal audit plans.

All reports issued by the auditor to the Audit and Risk Management Committee are prepared in accordance with Australian Accounting Standards. In accordance with the applicable provisions of the Corporations Act 2001, the external auditor provides an annual declaration of its independence to the Audit and Risk Management Committee. Alumina Limited's External Auditor Selection and Rotation Policy requires that the lead Partner involved in the external audit of the Company should not remain beyond five years.

Further information on the relationship with the external auditor is covered in the Audit and Risk Management Committee Charter, which is available on the Company's website at <https://www.aluminalimited.com/audit-risk-committee-charter>.

Non-Audit Services

Alumina Limited and PricewaterhouseCoopers have adopted the following policy in relation to any work undertaken by PricewaterhouseCoopers that does not directly relate to the audit of the Company:

- PricewaterhouseCoopers services that have fees of up to \$100,000 require the prior approval of the Audit and Risk Management Committee Chairman. Such approval shall include the scope of the services and the approximate amount of fees, and shall be reported at the next Audit and Risk Management Committee meeting.
- For PricewaterhouseCoopers' services of more than \$100,000 and less than \$250,000, the provision of such services requires the prior approval of the Audit and Risk Management Committee.
- For services of more than \$250,000, unless PricewaterhouseCoopers' skills and experience are integral to the services (in which case the provision of such services requires the prior approval of the Audit and Risk Management Committee), the proposed services are to be put to competitive tender with the requirement for CFO, CEO and Audit and Risk Management Committee Chairman's approval of the inclusion of PricewaterhouseCoopers in the tender list.

The awarding of a contract, following a competitive tender, to PricewaterhouseCoopers for the provision of these services also requires the prior approval of the Audit and Risk Management Committee.

Details of non-audit services in 2018 are described in the Financial Report (Note 13, Notes to the Consolidated Financial Statements) on page 89 of the Annual Report 2018.

ATTENDANCE AT THE ANNUAL GENERAL MEETING

The Partner representing the external auditor attends Alumina Limited's AGM and is available at the meeting to respond to shareholder questions relating to content and conduct of the audit and accounting policies adopted by the Company regarding preparation of the financial statements.

Alumina Limited will accept written questions for the auditor up to five business days before the AGM.

INTERNAL AUDIT

Alumina Limited's internal audit function is conducted by independent accounting firm Deloitte Touche Tohmatsu. It is the internal auditor's role to act independent of management and external audit to evaluate whether the Company's processes and controls provide an effective risk management and control framework, and to report their findings to the Audit and Risk Management Committee. The internal auditor has open access to the Chairman of the Audit and Risk Management Committee. The Audit and Risk Management Committee approves the annual internal audit plan and reviews reports on internal audit findings at least annually.

DONATIONS

Alumina Limited does not make donations to political parties.

SHAREHOLDERS

Alumina Limited has approximately 53,000 shareholders, with the 20 largest holding 87 per cent of the approximately 2.9 billion shares on issue. Approximately 97 per cent of all registered shareholders have registered addresses in Australia. Alumina Limited's shares are listed on the ASX.

The level of beneficial ownership of the Company's shares by US persons is approximately 13 per cent, with no single beneficial holder holding in excess of 10 per cent.

SHAREHOLDER COMMUNICATION

Effective and timely communication with Alumina Limited shareholders and the market is a critical objective of the Company. We also recognise that communication is two-way.

Alumina Limited uses internet-based information systems to provide efficient communication with shareholders and the investment community. Examples include posting Company announcements on Alumina Limited's website (usually within one hour of lodgement with ASX) and webcasting financial presentations and briefings. Shareholders may elect to receive all Company reports and correspondence by mail or email.

The Company engages in an Investor Relations program of discussions and meetings with institutional investors, analysts and financial media. Also, presentations to industry summits are released to the ASX and are available for review on the Company website.

We are interested in shareholder questions and feedback, which can be directed to the Company through the mail or via the feedback facility available on our website. Shareholders are encouraged to ask questions of the Company at the AGM and shareholders have the opportunity to submit questions prior to the AGM.

For further information on shareholder communications, including our Continuous Disclosure Policy, refer to the Shareholder Communication Strategy located on Alumina Limited's website at www.aluminalimited.com/shareholder-communication-strategy.



ALUMINA
LIMITED

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