

# CORPORATE GOVERNANCE STATEMENT

Galaxy Resources Limited



**GALAXY**





## **Galaxy Resources Limited**

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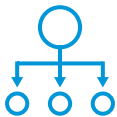
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# CORPORATE GOVERNANCE STATEMENT



The ASX Listing Rules require the Company to prepare a corporate governance statement which discloses the extent to which the Company has complied with the recommendations contained in the 3rd edition of the ASX Corporate Governance Principles and Recommendations.

Further information about the Company's corporate governance practices can be located on the Company's website at [www.gxy.com](http://www.gxy.com). In this statement a reference to the Galaxy Annual Report is a reference to the Company's annual report for the year ended 31 December 2018 which is located on the Investor page of the Company's website at [www.gxy.com](http://www.gxy.com).

This statement was approved by the Board of Directors and is current as at 2 April 2019.

## PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

**ASX Recommendation 1.1:** A listed entity should disclose:

- (a) the respective roles and responsibilities of its Board and management; and
- (b) those matters expressly reserved to the Board and those delegated to management.

The Company has complied with this recommendation.

The Board has adopted a formal Board Charter that details the respective Board and management roles and responsibilities as well as those matters expressly reserved to the Board and those delegated to management. A copy of the Board Charter is available in the corporate governance section of the Company's website at [www.gxy.com](http://www.gxy.com).

**ASX Recommendation 1.2:** A listed entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director, and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company has complied with this recommendation.

The Company appointed Ms Florencia Heredia as a Director on 1 January 2018 and Mr Alan Fitzpatrick as a Director on 16 January 2019. As part of the appointment process an independent reference checking organisation was commissioned to undertake various background checks on Ms Heredia and Mr Fitzpatrick.

Biographical and other relevant details about Ms Heredia were provided to shareholders prior to and at the Annual General Meeting at which Ms Heredia was elected.

Information about Mr Fitzpatrick is set out in the Directors' Report contained in the Galaxy Annual Report, on the Company's website and will be provided to shareholders prior to the 2019 Annual General Meeting at which the Company will seek Mr Fitzpatrick's election.

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

The Company has complied with this recommendation.

Each Director and each senior executive has a written agreement setting out the terms of their appointment. Key details are included in the Remuneration Report contained in the Galaxy Annual Report.

**ASX Recommendation 1.4:** The company secretary of a listed entity should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the board.

The Company has complied with this recommendation.

The Board Charter provides for the Company Secretary to be accountable to the Board, through the Chairman, on all governance matters.

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

- (a) have a diversity policy which includes the requirement for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and assess annually both the objectives and the entity's progress in achieving them;
- (b) disclose that policy or a summary of it;
- (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them and either:
  - (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
  - (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Company has complied with this recommendation.

The Company has adopted a Diversity Policy which is available in the corporate governance section of the Company's website at [www.gxy.com](http://www.gxy.com).

The measurable objectives for achieving gender diversity set by the Board in accordance with the Company's Diversity Policy and its progress towards achieving them are as follows:

Objective	Target 2018	Actual 2018
1. Proportion of women Directors	15%	17%
2. Proportion of women employed in Senior Executive roles <sup>1</sup>	25%	17%
3. Proportion of women employed across the Company	25%	23%
4. Maintain nil gender pay gap for 'like for like' roles <sup>2</sup>	Nil	Nil

**Notes:**

- 1. "Senior Executive" for the purpose of these diversity objectives is defined to mean those employees with a direct reporting line to the Chief Executive Officer.
- 2. The 'like for like' gender pay gap measures the difference in base salary over the year between female and male employees in comparable roles.

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

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

The Company has complied with this recommendation.

The process for periodically evaluating the performance of the Board, its committees and individual directors is set out in the Board Charter, a copy of which is available in the corporate governance section of the Company's website at [www.gxy.com](http://www.gxy.com).

Performance evaluations were undertaken during the reporting period in accordance with the above process.

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

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

The Company has partially complied with this recommendation.

The process for periodically evaluating the performance of the Company's senior executives is set out in the Board Charter, a copy of which is available in the corporate governance section of the Company's website at [www.gxy.com](http://www.gxy.com).

Evaluations of senior executive performance were undertaken after the end of the reporting period but prior to the date of this statement in accordance with the above process.

**PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE****ASX Recommendation 2.1:** The board of a listed entity should:

- (a) have a nomination committee which has at least three members, a majority of whom are independent directors and which is chaired by an independent director; and
- (b) disclose the charter of the committee, the members of the committee and, as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendance of the members at those meetings.

The Company has complied with this recommendation.

A copy of the Remuneration and Nomination Committee Charter is available in the corporate governance section of the Company's website at [www.gxy.com](http://www.gxy.com).

The members of the Committee, the number of meetings held during 2018 and the individual attendance of the members at those meetings are set out in the Directors' Report included in the Galaxy Annual Report.

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

The Company has complied with this recommendation.

The composition of the Board is reviewed from time to time having regard to the ongoing requirements of the Company. The objective is that the Board is diverse (including in relation to gender, age, culture and experience) and collectively has the skills, knowledge and experience to effectively govern and direct the Company.

The following table sets out the collective skills, attributes and experience of the Directors serving on the Board during the period.

Area	Board Skill and Experience
Executive Management	<ul style="list-style-type: none"> <li>◆ Experience as a Director, CEO, CFO or other officeholder or similar in medium to large entities.</li> </ul>
Specific industry knowledge	<ul style="list-style-type: none"> <li>◆ Senior executive, advisory or board experience in a mining or resources organization.</li> <li>◆ Senior executive responsibility for exploration or long-term board experience in a mining and resources organization.</li> <li>◆ Relevant tertiary degree or professional qualification.</li> <li>◆ Senior executive experience with capital projects and/or engineering in a mining or resources environment.</li> <li>◆ Broad background and experience in the lithium value chain, as well as the industrials and resources sector including exploration, mining, project development and operations.</li> </ul>
International experience	<ul style="list-style-type: none"> <li>◆ An understanding of the complexities of operating in foreign jurisdictions.</li> <li>◆ Experience in and exposure to multiple cultural, regulatory and business environments.</li> </ul>
Accounting and finance	<ul style="list-style-type: none"> <li>◆ Senior executive experience in financial accounting and reporting, or business development or board remuneration and nomination committee experience.</li> <li>◆ Relevant tertiary degree or professional qualification.</li> <li>◆ Board audit committee experience.</li> <li>◆ Ability to read and comprehend the Company's accounts, financial material presented to the Board, financial reporting requirements and an understanding of corporate finance.</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>◆ Ability to identify and monitor risks to which the Company is, or has the potential to be, exposed.</li> </ul>
Experience with financial markets	<ul style="list-style-type: none"> <li>◆ Experience in corporate finance and the equity/debt or capital markets.</li> </ul>
Investor relations	<ul style="list-style-type: none"> <li>◆ Experience in identifying and establishing relationships with shareholders, potential investors, institutions and equity analysts.</li> </ul>
Legal and Governance	<ul style="list-style-type: none"> <li>◆ Relevant tertiary degree or professional qualification.</li> <li>◆ Listed entity board and/or committee experience.</li> <li>◆ Experience in organizations with a strong focus on and adherence to governance standards.</li> <li>◆ Experience in general corporate, mining, fiscal and labour laws and/or the ability to consider the legal requirements of the Company's business operations and transactions contemplated by the Company, across the multiple jurisdictions in which it operates.</li> </ul>
Diversity	<ul style="list-style-type: none"> <li>◆ Ethnicity: Australian, Chinese (2), Canadian, English, Latin American</li> <li>◆ Age range: 48-63</li> <li>◆ Gender: Male (5), Female (1)</li> </ul>



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

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

The Company has complied with this recommendation.

In determining a Director's independence, the Board considers those relationships which may affect independence as contained in the 3rd edition of the ASX Corporate Governance Principles and Recommendations.

In each case, the materiality of the interest, position, association or relationship is assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the Director's capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders.

To assist in the assessment of Director independence a questionnaire was circulated to each Director for the purposes of identifying the existence of any transactions between the Director's related parties and the Company and the impact (if any) they considered such transactions (or other factors) may have had on their independence.

The independence and length of service of each Director is as follows:

Director	Independent	Date of Appointment	Length of Service
Mr Martin Rowley	Yes	28 November 2013	5 years 4 months
Mr Anthony Tse	No	13 October 2010	8 years 6 months
Mr Peter Bacchus	Yes	3 January 2017	2 years 3 months
Ms Florencia Heredia	Yes	1 January 2018	1 year 3 months
Mr John Turner	Yes	3 January 2017	2 years 3 months
Mr Jian-Nan Zhang	Yes	28 November 2013	5 years 2 months
Mr Alan Fitzpatrick	Yes	16 January 2019	2 months

**Notes:**

1. Length of service is calculated up to the date of this statement.
2. Mr Tse is also the Chief Executive Officer and so is not independent.
3. On 16 January 2019, Mr Jian-Nan Zhang retired as a Non-Executive Director and Mr Alan Fitzpatrick was appointed as a Non-Executive Director.
4. Mr Turner is a partner of, and Mr Bacchus is Chairman of, entities which provide professional services to the Company (as set out in more detail in the Remuneration Report in the Galaxy Annual Report). The Board has determined that the value of these services is not sufficiently material to interfere with the Directors' capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders in general.
5. Ms Heredia is a partner of a law firm which provides legal services to the Company (as set out in more detail in the Remuneration Report in the Galaxy Annual Report). The Board has determined that the value of these services does not interfere with Ms Heredia's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders in general. The Board notes in this regard that the quantum of fees paid during the period to the law firm in which Ms Heredia is a partner was larger than would normally be expected as a result of the Company undertaking two significant corporate transactions in Argentina during the year.



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

The Company has complied with this recommendation.

At all times during the period, and as at the date of this statement, the Board has been comprised of a majority of independent Directors.

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

The Company has complied with this recommendation.

The Chairman, Mr Martin Rowley, is an independent Director and the Chief Executive Officer of the Company is Mr Anthony Tse.

**ASX Recommendation 2.6:** A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Company has complied with this recommendation.

The Board is responsible for providing new Directors with an induction to the Company and for providing adequate professional development opportunities for Directors and management.

## PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

**ASX Recommendation 3.1:** A listed entity should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of it.

The Company has complied with this recommendation.

Copies of the Company's Corporate Code of Conduct and Directors' Code of Conduct are available in the corporate governance section of the Company's website at [www.gxy.com](http://www.gxy.com).

## PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

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

- (a) have an audit committee which has at least three members, all of whom are non-executive directors and a majority of whom are independent directors and is chaired by an independent director who is not the chair of the board; and
- (b) disclose the charter of the committee, the relevant qualifications and experience of the members of the committee and, in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.

The Company has complied with this recommendation.

A copy of the Audit and Risk Committee Charter is available in the corporate governance section of the Company's website at [www.gxy.com](http://www.gxy.com).

The relevant qualifications and experience of the members of the Audit and Risk Committee, the number of meetings held during 2018 and the individual attendance of the members at those meetings are set out in the Directors' Report included in the Galaxy Annual Report.

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

The Company has complied with this recommendation.

**ASX Recommendation 4.3:** A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The Company has complied with this recommendation.

The Company's external auditor attended the 2018 Annual General Meeting and was available to answer questions from security holders relevant to the audit, including questions relating to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in the preparation of its financial statements and the independence of the auditor in relation to the conduct of the audit.

## PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

**ASX Recommendation 5.1:** A listed entity should have a written policy for complying with its continuous disclosure obligations under the ASX Listing Rules and disclose that policy or a summary of it.

The Company has complied with this recommendation.

A copy of the Continuous Disclosure Policy is available in the corporate governance section of the Company's website at [www.gxy.com](http://www.gxy.com).

## PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

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

The Company has complied with this recommendation.

The Company's website at [www.gxy.com](http://www.gxy.com) contains information about the Company's projects, Directors and senior management and the Company's corporate governance practices, policies and charters. Copies of all Company announcements are also made available on the website following release by the ASX.

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

The Company has complied with this recommendation.

The Company's Managing Director & CEO is the Company's main contact for investors and potential investors and makes himself available to discuss the Company's activities when requested, together with other Directors or senior executives as required. In addition to ASX announcements made in accordance with its continuous disclosure obligations, the Company from time to time prepares and releases investor briefing presentations about the Company.

The Company has a Director, Corporate Development and a Manager, Corporate Development whose roles encompass dealing with investor enquires and communicating with shareholders, potential investors, brokers and institutions.

Contact with the Company can be made via an email address and a phone number provided on the Company's website.

**ASX Recommendation 6.3:** A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company has complied with this recommendation.

The Company encourages participation of shareholders at its Annual General Meeting each year. Shareholders are encouraged to attend in person or by proxy. At each Annual General Meeting the Chairman allows a reasonable opportunity for shareholders to ask questions of the Board and the external auditors.

Copies of all notices of meetings and explanatory material are made available via the Company's website at [www.gxy.com](http://www.gxy.com) as soon as they have been released by the ASX.

**ASX Recommendation 6.4:** A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically

The Company has complied with this recommendation.

Contact with the Company can be made via the phone number and the email address provided on the website. The Company also has a facility for people to register to receive Company announcements via email.

The Company's share register provides a facility whereby investors can provide email addresses to receive correspondence from the Company electronically and investors can contact the share register via telephone, facsimile or email.

## PRINCIPLE 7: RECOGNISE AND MANAGE RISK

**ASX Recommendation 7.1:** The Board of a listed entity should:

- (a) have a committee to oversee risk which has at least three members, a majority of whom are independent director and which is chaired by an independent director; and
- (b) disclose the charter of the committee, the members of the committee and as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings.

The Company has complied with this recommendation.

A copy of the Audit and Risk Committee Charter is available in the corporate governance section of the Company's website at [www.gxy.com](http://www.gxy.com).

The members of the Committee, the number of meetings held during 2018 and the individual attendance of the members at those meetings are set out in the Directors' Report included in the Galaxy Annual Report.

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

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

The Company has complied with this recommendation.

The Board and the Audit and Risk Committee conducted a review of the Company's risk management framework during the period. As part of this review the Board adopted a new Risk Management Policy which is available in the corporate governance section of the Company's website at [www.gxy.com](http://www.gxy.com). The Company has also implemented a Risk Management Framework for the management and oversight of material risks and internal control.



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

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

The Company has complied with this recommendation.

The Company does not currently have an internal audit function.

Under the Board Charter the Board is responsible for setting the Company's risk appetite. It is also responsible for reviewing and ratifying the Company's systems of internal compliance and control, risk management and legal compliance and ensuring the integrity and effectiveness of those systems.

The Board has delegated to the Audit and Risk Committee the primary responsibility for ensuring that risks are identified and monitored. The Chief Executive Officer and Managing Director (**CEO**) is accountable to the Board, through the Audit and Risk Committee for ensuring that the risk management system is maintained in accordance with the Risk Management Policy, the requirements of the ASX Corporate Governance Principles and relevant regulatory requirements and is ultimately responsible for the management of risks within the business. The CEO will be required to report to the Board, through the Audit and Risk Committee, on a regular basis, but at least annually, as to whether the risk management framework is operating effectively in all material respects.

The Company's Risk Management Policy communicates the Company's risk management expectations which are embedded in the structured Risk Management Framework to be implemented across all Galaxy operations. This approach to risk management will:

- ◆ improve the quality and consistency of decision making and risk tolerance;
- ◆ manage risk exposures to a tolerable level with regard to financial sustainability and taking account of shareholder expectations;
- ◆ enhance the effectiveness and efficiency of Galaxy's activities;
- ◆ encourages pro-active rather than reactive management;
- ◆ minimise "surprises" through the prompt communication of risk knowledge; and
- ◆ safeguards Galaxy's assets, people, finances and the environment.

The Company's Risk Management Framework is intended to ensure:

- ◆ the structured identification of the material business risks;
- ◆ management of those material business risks; and
- ◆ internally report to the responsible person and to the Board on those material business risks for ultimate acceptance of the risk exposure.

The primary objectives of the Company's Risk Management Framework are to:

- ◆ Integrate effective risk management into the culture of Galaxy and ensure that risk understanding, and risk tolerance are an integral part of all its decision-making processes.
- ◆ Provide structured processes for identifying, understanding and managing risks (threats and opportunities) so as to:
  - maximise opportunities for business growth and diversification while minimising reasonably foreseeable uncertainties, disruption to operations, harm to people and damage to the environment and property;
  - proactively ensure an accurate risk understanding (including identification of the risk of lost opportunities) is developed and maintained in each area of the business and that this understanding is used to direct business activities and decision-making processes;
  - determine priorities (in terms of relative risk levels) and allocating resources effectively and efficiently;
  - assure activities are undertaken within approved risk tolerance levels via the effective management of controls and through the testing and reporting with sufficient oversight to protect the profitability, assets and reputation of Galaxy;
  - demonstrate due diligence in discharging legal and regulatory obligations and meeting the expectations and standards of external stakeholders; and
  - ensure regular reports about: risk management activities; the most significant risks; and the escalation of failures in mitigation measures are provided to the relevant levels of management.
- ◆ Provide sufficient resources to develop and deliver on Risk Management Plans across the organisation.
- ◆ Recognise and reward risk-aware behaviour, proactively correct inadequate risk management practices and ensure the quality of risk management processes are consistent with the significance of decisions being made.

- ◆ Foster an environment where employees and contractors assume responsibility for managing risks and have the confidence to do so, based on the training and empowerment provided by the organisation.

**ASX Recommendation 7.4:** A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company has complied with this recommendation.

As part of the risk review undertaken by the Company during the reporting period the Company's material economic, environmental and social sustainability risks were identified. These included:

- ◆ Economic risks – movements in the lithium price; material delays in the execution of major projects; counterparty risk (banking and contractor); and the inability to raise funds to develop major projects.
- ◆ Environmental risks – failure to obtain and comply with applicable regulations, licences, permits and approvals; the occurrence of a major environmental incident at one of the Company's sites; and climate change and emission related risks.
- ◆ Social sustainability risks – the occurrence of a major safety incident or fatality; loss of social licence to operate; failure to comply with relevant legislative requirements; and fraud and corruption.

The Company's Risk Management Framework described above will be utilized to provide structured processes for identifying, understanding and managing risks such as these.

In addition, the Company's Health, Safety, Environment and Community (HSEC) Committee is tasked with overseeing HSEC risks and compliance within the Company. The Company has senior HSE and Corporate Affairs & Sustainability personnel who are responsible for identifying and managing health, safety, environmental and sustainability risks across the different jurisdictions in which the Company operates.

The Company currently works closely and collaboratively with the communities located near its operations, including implementing various initiatives to improve the living standards and employment opportunities of the members of those local communities.

## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

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

- have a remuneration committee which has at least three members, a majority of whom are independent directors and which is chaired by an independent director; and
- disclose the charter of the committee, the members of the committee and as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of members at those meetings.

The Company has complied with this recommendation.

A copy of the Remuneration and Nomination Committee Charter is available in the corporate governance section of the Company's website at [www.gxy.com](http://www.gxy.com).

The members of the Committee, the number of meetings held during 2018 and the individual attendance of the members at those meetings are set out in the Directors' Report included in the Galaxy Annual Report.

**ASX Recommendation 8.2:** A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company has complied with this recommendation.

Non-Executive Directors are paid a fixed annual fee for their service to the Company and may, subject to shareholder approval, be granted equity based remuneration.

The Managing Director is paid a fixed annual fee for his service to the Company and may also be entitled to a cash bonus based on satisfactory performance where approved by the Board.

Senior executives of the Company receive fixed remuneration comprising a base salary, superannuation and other fixed benefits based on the terms of their employment agreements with the Company. They may also be entitled to a cash bonus based on satisfactory performance where approved by the Board. The senior executives may also receive equity based remuneration.

Further details on the Company's policies and practices regarding the remuneration of Directors and senior executives, together with details of Director and senior executive remuneration, are provided in the Remuneration Report.

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

- (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- (b) disclose that policy or a summary of it.

The Company has complied with this recommendation.

The Company has a Long-Term Incentive Plan and an Incentive Option Plan which entitle participants to equity-based remuneration. Under the Company's Share Trading Policy, a designated person is not permitted to enter into transactions in products associated with the Company's securities which operate to limit the economic risk of their security holding in the Company over unvested entitlements (e.g. hedging arrangements).

A copy of the Company's Share Trading Policy is available in the corporate governance section of the Company's website at [www.gxy.com](http://www.gxy.com).





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