



**ILUKA**

# Australian Securities Exchange Notice

19 February 2016

## **ILUKA RESOURCES LIMITED (ILU) APPENDIX 4G AND 2015 CORPORATE GOVERNANCE STATEMENT**

Please find attached the Appendix 4G and 2015 Corporate Governance Statement in accordance with Listing Rules 4.7.3, 4.7.4 and 4.10.3.

**Cameron Wilson**  
**Company Secretary**

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

Iluka Resources Limited

ABN/ARBN

34 008 675 018

Financial year ended

31 December 2015

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

☐ these pages of our annual report: \_\_\_\_\_

☒ this URL on our website: <http://www.iluka.com/about-iluka/governance>

The Corporate Governance Statement is accurate and up to date as at 18 February 2016 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 19 February 2016

Sign here:



Company Secretary

Print name: Cameron Wilson

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

| Corporate Governance Council recommendation                             | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                 | We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b> |                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 1.1                                                                     | <p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>                                                                                                                            | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in section 2.1 ('Role of the Board') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management):</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Board Charter<br/> <a href="http://www.iluka.com/about-iluka/governance">http://www.iluka.com/about-iluka/governance</a></p> <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.2                                                                     | <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) 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.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in section 2.7 ('Director selection and succession planning') of our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>2015 Notice of Meeting<br/> <a href="http://iluka.com/investors-media/asx-disclosures/asx-releases">http://iluka.com/investors-media/asx-disclosures/asx-releases</a></p> <p>Annual Report 2015 &gt; Directors' Report<br/> <a href="http://iluka.com/investors-media/asx-disclosures/annual-reports">http://iluka.com/investors-media/asx-disclosures/annual-reports</a></p> <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>                            |

| Corporate Governance Council recommendation |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                              |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.3                                         | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in sections 2.7 ('Director selection and succession planning') and 4.2 ('Director and Executive remuneration') of our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in section 2.2 ('Role of the Company Secretary') of our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 1.5                                         | <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(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:</p> <p>(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</p> <p>(2) if the entity is a "relevant employer" under the</p> | <p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in section 6.2 ('Diversity') our Corporate Governance Statement <b><u>OR</u></b></p> <p>at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Diversity Standard<br/> <a href="http://www.iluka.com/people/diversity">http://www.iluka.com/people/diversity</a></p> <p>... the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in section 6.2 ('Diversity') our Corporate Governance Statement <b><u>AND</u></b></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation |                                                                                                                                                                                                                                                                                                                                   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                            |
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|                                             | Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.                                                                                                                                                                                                 | <input checked="" type="checkbox"/> at this location:<br>pages 52 to 55 of the Iluka Review 2015, which is cross-referred to in section 6.2 ('Diversity') of our Corporate Governance Statement<br><a href="http://iluka.com/investors-media/asx-disclosures/annual-reports">http://iluka.com/investors-media/asx-disclosures/annual-reports</a><br>... and the information referred to in paragraphs (c)(1) or (2):<br><input checked="" type="checkbox"/> in section 6.2 ('Diversity') of our Corporate Governance Statement <b>AND</b><br><input checked="" type="checkbox"/> at this location:<br>2014-15 Workplace Gender Equity Agency Report, which is cross-referred to in section 6.2 ('Diversity') of our Corporate Governance Statement<br><a href="http://www.iluka.com/docs/default-source/people/wgea-public-report-2015.pdf?sfvrsn=4">http://www.iluka.com/docs/default-source/people/wgea-public-report-2015.pdf?sfvrsn=4</a> |                                                                                                                                                                                                                            |
| 1.6                                         | A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and<br>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | ... the evaluation process referred to in paragraph (a):<br><input checked="" type="checkbox"/> in section 4.1 ('Performance evaluation') of our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at this location:<br>_____<br>Insert location here<br>... and the information referred to in paragraph (b):<br><input checked="" type="checkbox"/> in section 4.1 ('Performance evaluation') of our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at this location:<br>_____<br>Insert location here                                                                                                                                                                                                                                                                                                                                                                                             | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |

| Corporate Governance Council recommendation |                                                                                                                                                                                                                                                                                                                     | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                              |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.7                                         | <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> | <p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in section 4.1 ('Performance evaluation') of our Corporate Governance Statement <b><u>AND</u></b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Annual Report 2015 &gt; Remuneration Report on pages 31 to 34, which is cross-referred to in section 4.1 ('Performance evaluation') of our Corporate Governance Statement</p> <p><a href="http://iluka.com/investors-media/asx-disclosures/annual-reports">http://iluka.com/investors-media/asx-disclosures/annual-reports</a></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in section 4.1 ('Performance evaluation') of our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b><u>OR</u></b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                       |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                       |
| 2.1                                                   | <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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; <b>OR</b></p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in sections 3 ('Board committees') and 3.2 ('Nominations Committee') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Nominations Committee Charter<br/> <a href="http://www.iluka.com/about-iluka/governance">http://www.iluka.com/about-iluka/governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in sections 2.9 ('Board meetings') and 3.2 ('Nominations Committee') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 2.2                                                   | <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in section 2.3 ('Composition of the Board') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(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</p> <p>(c) the length of service of each director.</p> | <p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in section 2.3 ('Composition of the Board') of our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Pages 44 to 45 of the Annual Report 2015<br/> <a href="http://iluka.com/investors-media/asx-disclosures/annual-reports">http://iluka.com/investors-media/asx-disclosures/annual-reports</a></p> <p>... where applicable, the information referred to in paragraph (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... the length of service of each director:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Annual Report 2015 &gt; Directors' Report on pages 44 to 45, which is cross-referred to in section 2.3 ('Composition of the Board') of our Corporate Governance Statement<br/> <a href="http://iluka.com/investors-media/asx-disclosures/annual-reports">http://iluka.com/investors-media/asx-disclosures/annual-reports</a></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                                                                                                                                   |
| <p>2.4 A majority of the board of a listed entity should be independent directors.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in section 2.3 ('Composition of the Board') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation                     |                                                                                                                                                                                                                                                                                                                                                                                                         | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                         | We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                            |
|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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 fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in section 2.3 ('Composition of the Board') of our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at this location:<br><hr/> <i>Insert location here</i>                                                                                                                       | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| 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 fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in section 2.8 ('Director induction and continuing education) of our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at this location:<br><hr/> <i>Insert location here</i>                                                                                                     | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| <b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>              |                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                            |
| 3.1                                                             | A listed entity should:<br>(a) have a code of conduct for its directors, senior executives and employees; and<br>(b) disclose that code or a summary of it.                                                                                                                                                                                                                                             | ... our code of conduct or a summary of it:<br><input checked="" type="checkbox"/> in section 6.1 ('Ethics and conduct') of our Corporate Governance Statement <b>AND</b><br><input checked="" type="checkbox"/> at this location:<br>Code of Conduct<br><a href="http://www.iluka.com/about-iluka/governance">http://www.iluka.com/about-iluka/governance</a>                               | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement                                                                                                                               |
| <b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b> |                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                            |
| 4.1                                                             | The board of a listed entity should:<br>(a) have an audit committee which:<br>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and<br>(2) is chaired by an independent director, who is not the chair of the board,<br>and disclose:<br>(3) the charter of the committee;<br>(4) the relevant qualifications and experience of | ... the fact that we have an audit committee that complies with paragraphs (1) and (2):<br><input checked="" type="checkbox"/> in sections 3 ('Board Committees') and 3.1 ('Audit and Risk Committee') of our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at this location:<br><hr/> <i>Insert location here</i><br>... and a copy of the charter of the committee: | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement                                                                                                                               |

| Corporate Governance Council recommendation |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ... |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
|                                             | <p>the members of the committee; and</p> <p>(5) 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; <b>OR</b></p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>                            | <p><input checked="" type="checkbox"/> at this location:</p> <p>Audit and Risk Committee Charter<br/> <a href="http://www.iluka.com/about-iluka/governance">http://www.iluka.com/about-iluka/governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in sections 2.9 ('Board meetings') and 3.1 ('Audit and Risk Committee') of our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Annual Report 2015 &gt; Directors' Report on pages 44 to 45, which is cross-referred to in section 2.3 ('Composition of the Board') of our Corporate Governance Statement<br/> <a href="http://iluka.com/investors-media/asx-disclosures/annual-reports">http://iluka.com/investors-media/asx-disclosures/annual-reports</a></p> |                                                                                                                 |
| 4.2                                         | <p>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.</p> | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in section 5.4 ('Managing Director and Chief Financial Officer certifications') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>             |

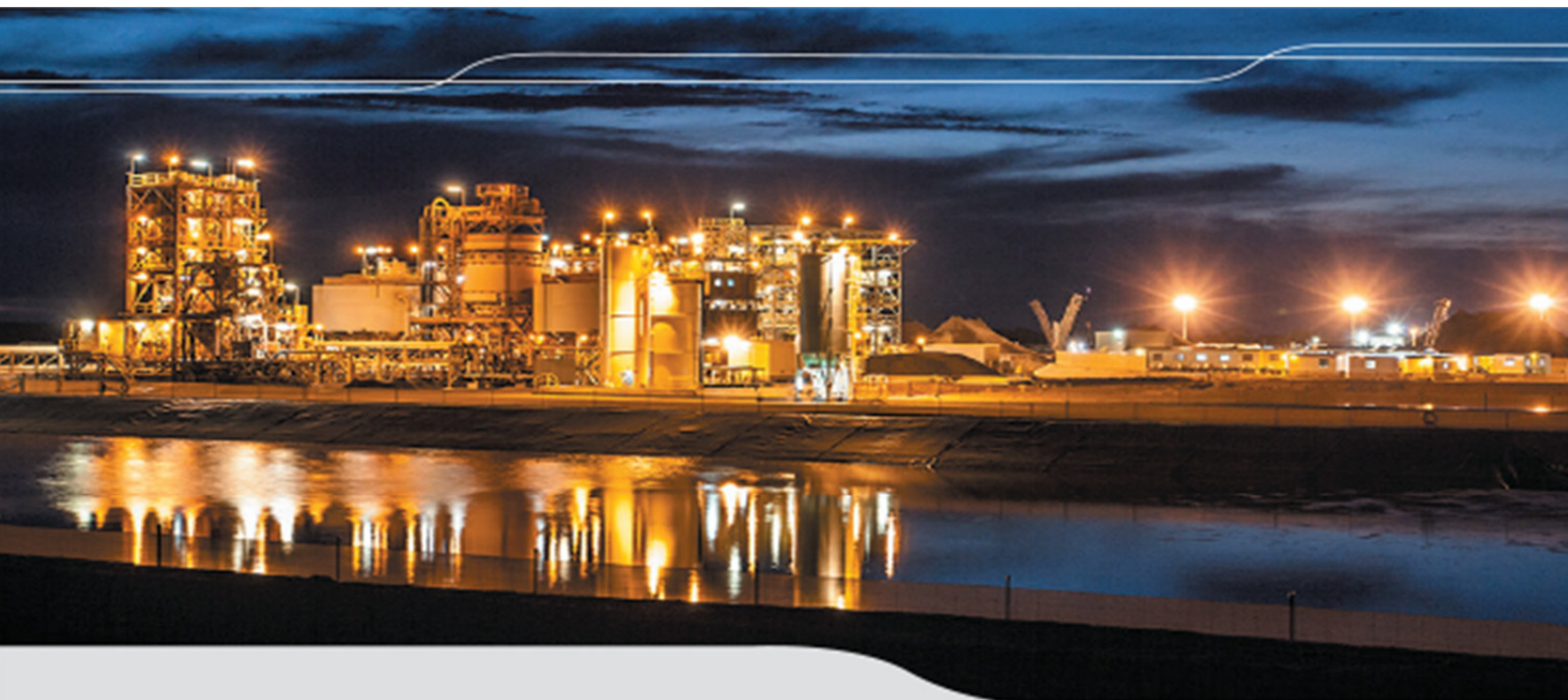
| Corporate Governance Council recommendation                 |                                                                                                                                                                                            | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                       | We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                    |
|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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.                  | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in section 6.3 ('Continuous disclosure and communications with shareholders') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>                                                                                                                                                         | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable</p> |
| <b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>    |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                    |
| 5.1                                                         | A listed entity should:<br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) disclose that policy or a summary of it. | <p>... our continuous disclosure compliance policy or a summary of it:</p> <p><input checked="" type="checkbox"/> in section 6.3 ('Continuous disclosure and communications with shareholders') of our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Continuous Disclosure and Market Communications Policy<br/> <a href="http://www.iluka.com/about-iluka/governance">http://www.iluka.com/about-iluka/governance</a></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                                                                                                                                                                                |
| <b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b> |                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                    |
| 6.1                                                         | A listed entity should provide information about itself and its governance to investors via its website.                                                                                   | <p>... information about us and our governance on our website:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.iluka.com/">http://www.iluka.com/</a><br/> <a href="http://www.iluka.com/about-iluka/governance">http://www.iluka.com/about-iluka/governance</a></p>                                                                                                                                                                                | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                                                                                                                                                                                |

| Corporate Governance Council recommendation           |                                                                                                                                                                                                                                                                                                                         | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                      | We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                |
|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6.2                                                   | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.                                                                                                                                                                                 | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in section 6.3 ('Continuous disclosure and communications with shareholders') of our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p><a href="http://www.iluka.com/investors-media/shareholder-enquiries">http://www.iluka.com/investors-media/shareholder-enquiries</a></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                                                                                                                                                                                            |
| 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.                                                                                                                                                                   | <p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <p><input checked="" type="checkbox"/> in section 6.3 ('Continuous disclosure and communications with shareholders') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>                                          | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable</p> |
| 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.                                                                                                                                                | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in section 6.3 ('Continuous disclosure and communications with shareholders') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>                                                                                                        | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                                                                                                                                                                                            |
| <b><u>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</u></b> |                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                |
| 7.1                                                   | <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> | <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in sections 3 ('Board committees') and 3.1 ('Audit and Risk Committee') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>                                                  | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                                                                                                                                                                                            |

| Corporate Governance Council recommendation |                                                                                                                                                                                                                                                                                                                                                                                                                                     | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ... |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
|                                             | <p>(4) the members of the committee; and</p> <p>(5) 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; <b>OR</b></p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Audit and Risk Committee Charter<br/> <a href="http://www.iluka.com/about-iluka/governance">http://www.iluka.com/about-iluka/governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in sections 2.9 ('Board meetings') and 3.1 ('Audit and Risk Committee') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> |                                                                                                                 |
| 7.2                                         | <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>                                                                                                                                              | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in sections 3.1 ('Audit and Risk Committee') and 5.1 ('Risk management') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>                                                                                                                                                                                                                                                                                     | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>             |
| 7.3                                         | <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; <b>OR</b></p> <p>(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.</p>                                                    | <p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in section 5.2 ('Internal Audit') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p>                                                                                                                                                                                                                                                                                                | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>             |

| Corporate Governance Council recommendation            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                       |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Annual Report 2015 &gt; Directors' Report on pages 3 to 5, which is cross-referred to in section 5.3 ('Material Risks') of our Corporate Governance Statement<br/> <a href="http://iluka.com/investors-media/asx-disclosures/annual-reports">http://iluka.com/investors-media/asx-disclosures/annual-reports</a></p>                                                                                                                                                                                                                                                                                                                                                                      | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                                                                                                                                   |
| <b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                       |
| 8.1                                                    | <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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; <b>OR</b></p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in sections 3 ('Board Committees') and 3.3 ('People and Performance Committee') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at this location:</p> <p>People and Performance Committee Charter<br/> <a href="http://www.iluka.com/about-iluka/governance">http://www.iluka.com/about-iluka/governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in sections 2.9 ('Board meetings') and 3.3 ('People and Performance Committee') of our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at this location:</p> <p>_____</p> <p><i>Insert location here</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

| Corporate Governance Council recommendation |                                                                                                                                                                                                                                                                                                                                                    | We have followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | We have <u>NOT</u> followed the recommendation in full for the whole of the period above. We have disclosed ...                                                                                                                                                                                                                                                                        |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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.                                                                                                                                               | <p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Annual Report 2015 &gt; Remuneration Report on pages 18 to 43, which is cross-referred to in section 4.2 ('Director and Executive remuneration') of our Corporate Governance Statement</p> <p><a href="http://iluka.com/investors-media/asx-disclosures/annual-reports">http://iluka.com/investors-media/asx-disclosures/annual-reports</a></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>                                                                                                                                                  |
| 8.3                                         | <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p> | <p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in section 6.4 ('Dealing in shares') of our Corporate Governance Statement <b>AND</b></p> <p><input checked="" type="checkbox"/> at this location:</p> <p>Annual Report 2015 &gt; Remuneration Report on page 28</p> <p><a href="http://iluka.com/investors-media/asx-disclosures/annual-reports">http://iluka.com/investors-media/asx-disclosures/annual-reports</a></p> <p>Securities Trading Policy</p> <p><a href="http://www.iluka.com/about-iluka/governance">http://www.iluka.com/about-iluka/governance</a></p>                                                                       | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |



# CORPORATE GOVERNANCE STATEMENT

# 2015

This statement is current as at 18 February 2016 and has been approved  
by the Board of Iluka Resources Limited

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## 1 Introduction

The Board of Iluka Resources Limited (**Board**) is committed to conducting Iluka's business in accordance with the highest standards of corporate governance to create and deliver value for Iluka's shareholders. The Board has established a corporate governance framework, including corporate governance policies, procedures, charters and codes to support this commitment. The framework is reviewed regularly and revised in response to changes in law, developments in corporate governance and changes to Iluka's business. A copy of these policies, procedures, charters and codes are available on the governance page of Iluka's website, [www.iluka.com](http://www.iluka.com), and are signposted throughout this document where relevant.

As a listed entity, Iluka must comply with Australian laws including the *Corporations Act 2001* (Cth) (**Corporations Act**) and the Australian Securities Exchange Listing Rules (**ASX Listing Rules**), and is required to report against the 3<sup>rd</sup> edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**). The Board considers that throughout 2015 it complied with the ASX Principles and this Corporate Governance Statement (**Statement**) reports on the corporate governance framework and practices adopted by Iluka.

The Board has a commitment to ongoing improvement of its governance practices. This year, as an outcome of an externally facilitated review of the Board conducted in 2014, a range of improvements to the Board's work and effectiveness were implemented during 2015, including:

- the separation of the Remuneration and Nomination Committee into two standalone committees (February 2015):
  - Nominations Committee; and
  - People and Performance Committee,to give additional focus to their respective responsibilities; and
- an update of the company's key corporate governance documents (March 2015).

## 2 The Board of Directors

Relevant policies and charters:

- Company Constitution
- Board Charter
- Audit and Risk Committee Charter
- Nominations Committee Charter
- People and Performance Committee Charter

## 2.1 Role of the Board

The Board Charter sets out the Board's role, powers and duties and establishes the functions reserved for the Board and those which are delegated to management. The Board is responsible for the overall corporate governance of Iluka including approving and overseeing Iluka's strategic direction, strategies and financial objectives, assessing the performance of management and reporting on Iluka's performance. The Board delegates to the Managing Director and senior management matters involving the implementation of corporate strategy and management of Iluka's day-to-day activities.

The following table sets out the matters which are expressly reserved to the Board and those which are delegated to management under the Board Charter.

| <b>The Board is responsible for:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• appointing and removing the Managing Director, determining his or her remuneration and terms and conditions of employment, and assessing the performance of the Managing Director and the executive management group;</li><li>• approving the policies, strategic direction, strategies and financial objectives of Iluka and ensuring appropriate resources are available;</li><li>• monitoring the implementation of those policies and strategies and the achievement of those financial objectives; and</li><li>• reporting to shareholders and the investment community on the performance and state of Iluka.</li></ul> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Responsibilities delegated by the Board to Management:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <ul style="list-style-type: none"><li>• managing Iluka;</li><li>• recommending policy and strategic direction for Board approval; and</li><li>• conducting the day-to-day operation of Iluka.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

## 2.2 Role of the Company Secretary

The Company Secretary is accountable to the Board through the Chairman on all matters to do with the proper functioning of the Board. The Board Charter confirms that all directors have direct access to the Company Secretary. The Company Secretary is responsible for:

- advising the Board on corporate governance matters;
- managing the company secretarial function;
- attending all Board and Board committee meetings; and
- taking minutes and communicating with the ASX.

## 2.3 Composition of the Board

The Board currently comprises six independent, non-executive directors and one executive director, who is the Managing Director. Board composition is determined in accordance with Iluka's constitution and Board Charter, which together set out the following general principles:

- the Board must comprise of a minimum three and a maximum of 10 directors;
- the Board should comprise of a majority of independent directors with a range of skills, expertise and experience from a diverse range of backgrounds; and
- the Chairman of the Board should be an independent non-executive director.

The composition of the Board accords with Principle 2 of the ASX Principles.

In determining the composition of the Board, the Board and the Nominations Committee work together to ensure that the optimal size and blend of skills, expertise and experience are represented on the Board to further ensure that effective discussion and efficient decision making takes place. The Board is satisfied that the current Board is comprised of directors representing a broad range of these attributes.

Details of the skills, experience, expertise and qualifications of each director, as well as their length of service, are set out on pages 44 and 45 of the Annual Report 2015 (**Annual Report**).

The following table summarises the skills, attributes and experience of the non-executive directors serving on the Board at 31 December 2015:

### Board Experience, Skills and Attributes Matrix

| Experience, skills and attributes                                                                          | Board | Audit and Risk Committee | Nominations Committee | People and Performance Committee |
|------------------------------------------------------------------------------------------------------------|-------|--------------------------|-----------------------|----------------------------------|
| <i>Total non-executive directors</i>                                                                       | 6     | 4                        | 6                     | 4                                |
| <b>Experience</b>                                                                                          |       |                          |                       |                                  |
| <b>Corporate leadership</b><br>Successful experience in CEO and/or other senior corporate leadership roles | 6     | 4                        | 6                     | 4                                |
| <b>International experience</b><br>Senior experience in multiple international locations                   | 5     | 3                        | 5                     | 3                                |
| <b>Resources industry experience</b><br>Relevant industry (resources, mining, exploration) experience      | 4     | 2                        | 4                     | 3                                |
| <b>Other board level experience</b><br>Membership of other listed entities (last 3 years)                  | 5     | 3                        | 5                     | 4                                |

# CORPORATE GOVERNANCE STATEMENT 2015



| Experience, skills and attributes                                                     | Board | Audit and Risk Committee | Nominations Committee | People and Performance Committee |
|---------------------------------------------------------------------------------------|-------|--------------------------|-----------------------|----------------------------------|
| <b>Capital projects</b><br>Major resources capital project development and management | 2     | 1                        | 2                     | 1                                |
| <b>Knowledge and skills</b>                                                           |       |                          |                       |                                  |
| Strategy / forensic                                                                   | 6     | 4                        | 6                     | 4                                |
| Governance                                                                            | 6     | 4                        | 6                     | 4                                |
| Marketing                                                                             | 2     | 2                        | 2                     | -                                |
| Risk and compliance                                                                   | 6     | 4                        | 6                     | 4                                |
| Mergers and acquisitions                                                              | 5     | 4                        | 5                     | 3                                |
| <b>Tertiary qualifications</b>                                                        |       |                          |                       |                                  |
| Economics, law, commerce and/or business                                              | 5     | 3                        | 5                     | 4                                |
| Chartered accounting                                                                  | 1     | 1                        | 1                     | 1                                |
| Engineering                                                                           | 2     | 1                        | 2                     | 1                                |
| <b>Gender</b>                                                                         |       |                          |                       |                                  |
| Female                                                                                | 1     | 1                        | 1                     | 1                                |
| Male                                                                                  | 5     | 3                        | 5                     | 3                                |

## 2.4 Independence of directors

The Board recognises the importance of ensuring that directors are free from interests and relationships that might, or might reasonably be perceived to, materially influence a director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Iluka and its shareholders generally.

Accordingly, the Board has adopted guidelines, set out in the Board Charter, which are used to determine the independence of directors and are based on the definition of independence listed in Box 2.3 of the ASX Principles.

In accordance with these guidelines, the Board generally considers a director to be independent if he or she is not a member of management and:

- is not a substantial shareholder of Iluka or an officer of, or otherwise associated with, a substantial shareholder of Iluka;
- is not employed, or been previously employed, in an executive capacity by Iluka or another group member, or where they were previously employed in such a

capacity, there has been a period of at least three years between ceasing such employment and serving on the Board;

- within the last three years has not been a partner, director or senior employee of a provider of material professional services;
- is not in a material business relationship (e.g. as a supplier or customer) of Iluka or another group member, or an officer of or otherwise associated with someone with such a relationship;
- has no material contractual relationship with Iluka or another group member other than as a director of Iluka;
- does not have close family ties with any person who falls within any of the categories described above;
- has not served on the Board for a period that his or her independence may have been compromised; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Iluka.

The Board considers the materiality of a director's interests, position, association or relationship on a case by case basis. The Board also has regard to length of tenure when assessing whether a director is, or continues to be, independent. The Board is satisfied that the length of tenure of its current directors does not call into question their independence.

Directors also have an ongoing responsibility to disclose any actual or potential transactions or interests that may create a conflict of interest. They may also be required to take steps to remove any conflict of interest. If a director cannot or will not remove a conflict of interest, then the director must be absent from the room when discussion and/or voting occurs on matters to which the conflict relates.

The Board has reviewed the independence of its directors and considers that the Chairman and each non-executive director are independent.

## **2.5 Access to independent advice**

Under the Board Charter, directors may seek independent professional advice at Iluka's expense on any matter connected with the discharge of their responsibilities with the prior written approval of the Chairman.

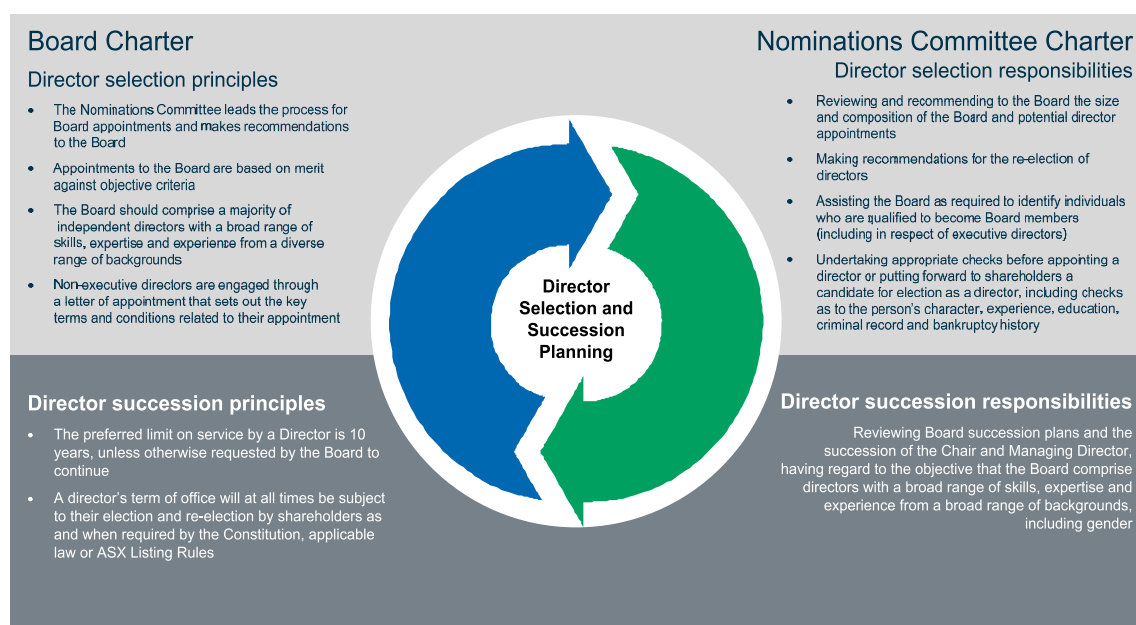
## **2.6 Access to Board materials and information**

Under the Deed of Indemnity, Insurance and Access, directors have access to inspect the company's records which have been prepared during or relate to the director's tenure or discharge of duties as a director in respect of the company.

## 2.7 Director selection and succession planning

The Board renewal process is overseen by the Nominations Committee and involves regularly reviewing the composition of the Board to ensure that the directors have an appropriate mix of skills, expertise, experience and backgrounds relevant to the management of Iluka.

The Board Charter sets out the overarching principles regarding director selection and succession planning. The Nominations Committee Charter sets out the key nomination planning principles of the committee which is responsible for leading the process of Board appointments. The diagram below demonstrates the director selection and succession planning principles and responsibilities.



When a director candidate stands for election or re-election at a meeting of shareholders, Iluka provides shareholders with all material information in its possession regarding the director in the relevant Notice of Meeting.

## 2.8 Director induction and continuing education

All new directors are appointed through a written agreement with Iluka that sets out their duties, rights and responsibilities. In addition, the Nominations Committee is responsible for ensuring that new directors are provided with a comprehensive induction programme (including business briefings by management and site visits).

The Board encourages directors to continue their education and maintain the skills required to discharge their duties by providing professional development opportunities. Iluka meets all reasonable costs of continuing director education.

# CORPORATE GOVERNANCE STATEMENT 2015



During the year, the directors were involved in company familiarisation activities which included a visit to Iluka's operations in the South-West of Western Australia.

## 2.9 Board meetings

In 2015, the Board met on 13 occasions, of which eight were scheduled meetings. In addition to these formal meetings, the Board also had a planning day dedicated primarily to strategic planning. The Chairman chaired all the meetings. In addition, the non-executive directors periodically meet independent of management to discuss relevant issues. Directors' attendance at Board and committee meetings during 2015 is detailed below:

| Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Board of Directors' meetings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |          | Audit and Risk Committee meetings |          | Nominations Committee meetings <sup>(3)</sup> |          | People and Performance Committee meetings <sup>(3)</sup> |          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------|----------|-----------------------------------------------|----------|----------------------------------------------------------|----------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Held                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Attended | Held                              | Attended | Held                                          | Attended | Held                                                     | Attended |
| (1) (2)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |          |                                   |          |                                               |          |                                                          |          |
| <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | -        | 6                                 | -        | 7                                             | -        | 4                                                        | -        |
| <b>Executive</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |          |                                   |          |                                               |          |                                                          |          |
| D Robb                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 13       | -                                 | 6        | -                                             | 1        | -                                                        | 4        |
| <b>Non-executive</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |          |                                   |          |                                               |          |                                                          |          |
| G Martin                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 13       | 6                                 | 6        | 7                                             | 7        | 4                                                        | 4        |
| M Bastos                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 13       | 6                                 | 6        | 7                                             | 7        | -                                                        | 4        |
| W Osborn                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 13       | -                                 | 3        | 7                                             | 5        | 4                                                        | 4        |
| J Ranck <sup>(4)(5)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 13       | 5                                 | 6        | 7                                             | 7        | 1                                                        | 3        |
| G Rezos                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 12       | -                                 | 3        | 7                                             | 7        | 4                                                        | 4        |
| J Seabrook                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 13       | 6                                 | 6        | 7                                             | 7        | 4                                                        | 4        |
| <b>Legend:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Notes:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |          |                                   |          |                                               |          |                                                          |          |
| <div style="display: flex; flex-direction: column; gap: 5px;"> <div><span style="display: inline-block; width: 15px; height: 15px; background-color: #92d050; border: 1px solid black;"></span> Current Chairman</div> <div><span style="display: inline-block; width: 15px; height: 15px; background-color: #6699cc; border: 1px solid black;"></span> Current member</div> <div><span style="display: inline-block; width: 15px; height: 15px; background-color: #cc9999; border: 1px solid black;"></span> Prior member</div> </div> | <p>(1) "Held" indicates the number of meetings held during the period of each director's tenure. Where a director is not a member but attended meetings during the period, only the number of meetings attended, rather than held is shown.</p> <p>(2) "Attended" indicates the number of meetings attended by each director.</p> <p>(3) The Remuneration and Nominations Committee was separated into the Nominations Committee and People and Performance Committee on 16 February 2015. The "Held" and "Attended" numbers include one meeting of the Remuneration and Nomination Committee held on 10 February 2015.</p> <p>(4) Mr Ranck attended one Audit and Risk Committee meeting as an observer before joining the committee on 16 February 2015.</p> <p>(5) Mr Ranck attended one meeting of the Remuneration and Nominations Committee as a member on 10 February 2015 (before the committee was disbanded) and two meetings of the People and Performance Committee as an observer.</p> |          |                                   |          |                                               |          |                                                          |          |

## 3 Board committees

Relevant policies and charters:

- Audit and Risk Committee Charter
- Nominations Committee Charter
- People and Performance Committee Charter

In line with a recommendation from an external review of the Board and each committee held in late 2014, the Board separated the responsibilities of the Remuneration and Nominations Committee into two separate standalone committees: the Nominations Committee; and the People and Performance Committee, both formed effective 16 February 2015, to give additional focus to their respective responsibilities.

The Board now has three committees: the Audit and Risk Committee; Nominations Committee; and People and Performance Committee, to assist with the effective discharge of its duties. Each committee operates under a specific charter approved by the Board which details their respective roles, duties and membership requirements.

The committees comprise only independent, non-executive directors. In addition, the Audit and Risk Committee and People and Performance Committee have an independent chairman who is not the Chairman of the Board.

The primary role of the committees is to make recommendations to the Board on matters set out in their respective charters. Their structure and membership are reviewed periodically.

### 3.1 Audit and Risk Committee

The purpose of the Audit and Risk Committee is to assist the Board to protect the interests of Iluka's shareholders and stakeholders by overseeing on behalf of the Board:

- the integrity of financial reporting;
- the adequacy of the control environment and the processes for identifying and managing risk;
- the internal and external audit functions;
- treasury and taxation practices; and
- compliance with applicable legal and regulatory requirements and internal codes of conduct, as requested by the Board.

During the year, the Audit and Risk Committee conducted reviews of the effectiveness of the Group's systems of risk management and internal controls for 2015 and up to the date of the Annual Report in accordance with the ASX Principles. These reviews

covered financial, operational, and compliance controls and risk assessment. During the year, management presented an assessment of the material business risks facing the company and the level of the effectiveness of risk management over the material business risks. The reviews were overseen by the Audit and Risk Committee, with findings and recommendations reported to the Board.

## **Audit and Risk Committee membership during 2015**

| <b>Director</b>              | <b>Status</b>                |
|------------------------------|------------------------------|
| Jennifer Seabrook (Chairman) | Member for whole period      |
| Marcelo Bastos               | Member for whole period      |
| Greg Martin                  | Member for whole period      |
| James (Hutch) Ranck          | Member from 16 February 2015 |

All members of the Audit and Risk Committee (of which there must be at least three) are independent non-executive directors and are required to be financially literate. Between them, the members must have accounting and financial expertise, operational and technical knowledge, and a sufficient understanding of the industry in which Iluka operates to be able to discharge the committee's mandate effectively. Jennifer Seabrook (Committee Chairman) is a Chartered Accountant (FCA) who throughout her career has worked at senior levels in chartered accounting, capital markets and investment banking businesses.

The Chairman of the Audit and Risk Committee cannot be the Chairman of the Board.

Details of directors' attendance at Audit and Risk Committee meetings held during 2015 are set out in Section 2.9 of this report.

## **3.2 Nominations Committee**

Established on 16 February 2015, the purpose of the Nominations Committee is to assist the Board in fulfilling its responsibilities in overseeing the:

- selection, performance evaluation and succession of the Board, its committees and non-executive directors; and
- the appointment and succession of the Managing Director.

The Committee will also make decisions on behalf of the Board where such authority has been expressly delegated by the Board.

During the year, the key area of focus for the Nominations Committee was ensuring the Board and each committee had the appropriate number of directors, skills and experience to ensure they fulfil their responsibilities. With Mr Osborn's planned retirement in May 2016, the committee conducted an extensive search to find a suitable

replacement. On 2 December 2015, the Board announced that Dr Xiaoling Liu would join the Board on 19 February 2016 as an independent non-executive director. The other key area of focus was to review long term capability and capacity of the Executive team against a defined executive leadership skills matrix. Specific development plans were prepared and included in annual performance management processes.

## **Nominations Committee membership during 2015<sup>(1)</sup>**

| <b>Director</b>        | <b>Status</b>                 |
|------------------------|-------------------------------|
| Greg Martin (Chairman) | Member since 16 February 2015 |
| Marcelo Bastos         | Member since 16 February 2015 |
| James (Hutch) Ranck    | Member since 16 February 2015 |
| Gavin Rezos            | Member since 16 February 2015 |
| Wayne Osborn           | Member since 16 February 2015 |
| Jennifer Seabrook      | Member since 16 February 2015 |

<sup>(1)</sup> Prior to the Nominations Committee being established on 16 February 2015, the following Directors were members of the Remuneration and Nominations Committee: Wayne Osborn (Chairman), Greg Martin, James (Hutch) Ranck, Gavin Rezos and Jennifer Seabrook.

All independent non-executive directors are members of the Nominations Committee.

Details of directors' attendance at Nominations Committee meetings held during 2015 are set out in Section 2.9 of this report.

## **3.3 People and Performance Committee**

Established on 16 February 2015, the purpose of the People and Performance Committee is to assist the Board in fulfilling its responsibilities in overseeing the:

- overall remuneration strategy of Iluka and its specific application to the Managing Director and direct reports, and the remuneration of non-executive directors;
- performance evaluation of the Managing Director and his direct reports; and
- diversity strategy, policy and practices of Iluka.

The Committee will also make decisions on behalf of the Board where such authority has been expressly delegated by the Board.

During the year, key areas of focus for the People and Performance Committee included recommendations to the Board on incentive outcomes and awards for the Managing Director and his direct reports, appropriate short and long term incentive metrics, a comprehensive review of the incentive structures, and a review of talent and

development across the Company. Further details including any key changes to remuneration are set out on pages 19 and 20 of the Annual Report.

Comprehensive details of the processes and principles underlying the work of the People and Performance Committee are discussed on pages 28 and 29 of the Annual Report.

## People and Performance Committee membership during 2015<sup>(1)</sup>

| Director                | Status                        |
|-------------------------|-------------------------------|
| Wayne Osborn (Chairman) | Member since 16 February 2015 |
| Greg Martin             | Member since 16 February 2015 |
| Gavin Rezos             | Member since 16 February 2015 |
| Jennifer Seabrook       | Member since 16 February 2015 |

<sup>(1)</sup> Prior to the People and Performance Committee being established on 16 February 2015, the following directors were members of the Remuneration and Nominations Committee: Wayne Osborn (Chairman), Greg Martin, James (Hutch) Ranck, Gavin Rezos and Jennifer Seabrook.

All members of the People and Performance Committee (of which there must be at least three) are independent non-executive directors.

The Chairman of the People and Performance Committee cannot be the Chairman of the Board.

Details of directors' attendance at People and Performance Committee meetings held during 2015 are set out in Section 2.9 of this report.

## 4 Performance evaluation and remuneration

Relevant policies and charters:

- Board Charter
- Nominations Committee Charter
- People and Performance Committee Charter

### 4.1 Performance evaluation

Each year, performance evaluations of the Board, its committees and individual directors are undertaken. The Nominations Committee assists the Board in relation to the conduct of performance evaluations and development and implementation of plans for identifying, assessing and enhancing director competencies. External facilitators

may be engaged to assist with the review of the Board, its committees and individual directors.

In 2015, the Board continued with improvement initiatives identified from the 2014 externally facilitated Board performance review, one of which was the separation of the Remuneration and Nominations Committee into two separate standalone committees.

The Board, Audit and Risk Committee and People and Performance Committee also conduct an annual self-assessment of their performance, which serves to identify strengths, weaknesses and areas for improvement. The completed assessments are taken into account by the Board and each respective committee in determining performance improvements for the following year.

In accordance with this process, the Board evaluated the performance of its directors, itself and each committee in December 2015.

The People and Performance Committee also assists the Board with evaluating the performance of the Managing Director. The People and Performance Committee provides feedback regarding the Managing Director's performance in relation to key performance measures to the Chairman of the Board, who is responsible for conducting the Managing Director's performance review.

Twice yearly, the Managing Director undertakes a review of the performance of each senior executive against individual objectives and deliverables linked to a corporate plan that were agreed at the beginning of the performance period. These personal objectives relate to key areas of performance over which the individual has accountability and influence. The process for conducting these reviews is covered on pages 31 to 34 of the Annual Report. The performance reviews of the Managing Director and senior executives were conducted in August and at the end of the performance period in accordance with this process.

## **4.2 Director and executive remuneration**

The People and Performance Committee obtain independent remuneration benchmarking information for comparative purposes. Salary reviews and short-term incentives are determined by assessing performance against both individual performance and profitability and sustainability performance targets. Long-term incentives vest subject to Return on Equity and Total Shareholder Return performance compared with that of an industry peer group. In 2015, the People and Performance Committee conducted those reviews in accordance with disclosed processes.

All senior executives are employed by the Company under written employment contracts.

Further details about the remuneration structure, remuneration policies and remuneration paid to the directors and senior executives during the reporting period, as details of the contractual arrangements with senior executives, are set out on pages 18 to 43 of the Annual Report.

## 5 Risk management and internal controls

Relevant policies and charters:

- Board Charter
- Audit and Risk Committee Charter
- Risk Management Policy

### 5.1 Risk management

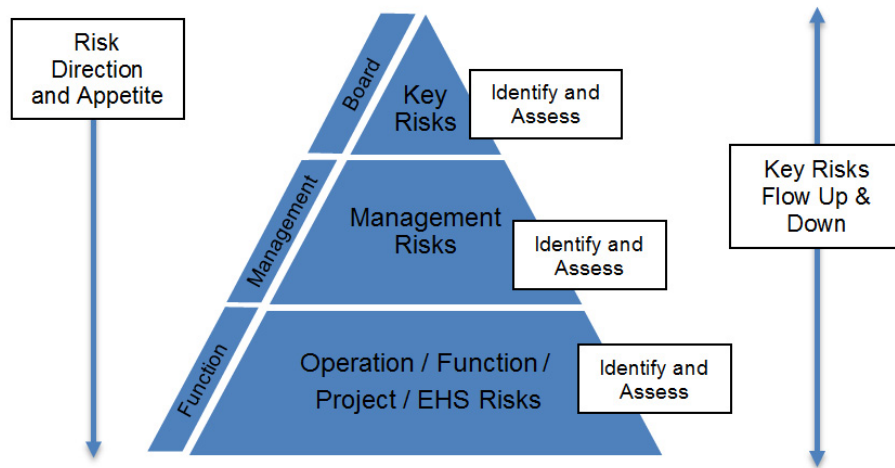
The Board recognises that the identification and management of risk is fundamental to achieving Iluka's objective: to create and deliver value for shareholders.

Iluka has a Risk Management Policy which sets out the objectives and performance expectations to managing risk in a proactive and effective manner, and supporting guidance including a Risk Management Framework that defines a 'whole of business' approach to the management of risks which allows both opportunities and threats to be identified and managed effectively.

Through the Policy and framework, Iluka seeks to:

- embed a culture of risk awareness in decision making;
- identify, assess and manage risks in a structured and systematic manner;
- enable prudent risk taking in line with business objectives and strategies;
- establish and monitor appropriate controls in line with business objectives and strategies;
- implement prudent insurance strategies for insurable risks;
- ensure material business risks are effectively identified, communicated and appropriately elevated throughout all levels of management to the Board; and
- fulfil governance requirements for risk management.

The diagram below sets out the risk hierarchy where risk identification, assessment and reporting are undertaken at all levels of the business:



The Board has overall responsibility for reviewing, approving and overseeing systems of risk management and internal control. This includes reviewing processes to identify the main risks associated with the company and reviewing processes and systems in place to manage these risks.

The Audit and Risk Committee assists the Board with regard to oversight of Iluka's risk management practices by:

- developing an understanding of key risk areas and the consequences of major risk events;
- gaining assurance as to the adequacy of Iluka's policies and processes for integrating risk management into its operations;
- reviewing and making recommendations to the Board in relation to any incident involving fraud or other material break down of Iluka's internal controls;
- reviewing and reporting to the Board that the Audit and Risk Committee has, at least annually, reviewed Iluka's risk management framework to satisfy itself that it continues to be sound and effectively identifies areas of material potential risk; and
- reviewing the insurance strategy and determining the extent to which it aligns with the risk appetite and tolerance of Iluka.

In line with the ASX Principles, Iluka's Risk Management Framework is reviewed annually by the Audit and Risk Committee to satisfy itself and the Board that the framework continues to be sound. The review conducted during the reporting period included a consideration of its structure, procedure for risk identification and assessment, and the current approach towards risk appetite.

A copy of the Risk Management Policy can be found in the Governance section of Iluka's website. Further information outlining Iluka's approach to the management of

risks is set out on page 39 of the Iluka Review 2015 (**Iluka Review**) and pages 3 to 5 of the Annual Report.

## **5.2 Internal Audit**

Iluka has an internal audit function (the Business Risk Management function) that assists the Board by undertaking an objective evaluation of the Iluka's internal control framework. The Business Risk Management function is jointly accountable to the Chief Financial Officer and the Audit and Risk Committee (for internal audit matters). The Business Risk Manager attends Audit and Risk Committee meetings to present internal audit activities and also meets privately with the Audit and Risk Committee on a regular basis to ensure a degree of independence and objectivity to the role.

The Audit and Risk Committee is responsible for overseeing the internal audit function and its key roles are:

- reviewing the performance of the internal auditor and the approval of the annual internal audit plan;
- reviewing significant internal audit findings and action taken by management to address these; and
- facilitating a direct line of communication from the internal auditor which is independent of management.

When requested by the Board, the Audit and Risk Committee also reviews the processes and internal controls that management have put in place to ensure compliance with laws, regulations and Iluka's policies and internal codes of conducts.

## **5.3 Material Risks**

Examples of Iluka's management of material risks and the systems Iluka has in place to manage these risks is included on pages 3 to 5 of the Annual Report.

## **5.4 Managing Director and Chief Financial Officer certifications**

Prior to approving the financial statements in respect of each half and full year financial period, the Managing Director and the CFO give a declaration to the Board that:

- in their opinion, Iluka's financial records have been properly maintained and the financial reports comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of Iluka; and
- that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Managing Director and the CFO gave this declaration to the Board for the half year ended 30 June 2015, and the full year ended 31 December 2015.

## 6 Governance Documents

Relevant governance documents:

- Code of Conduct
- Directors' Code of Conduct
- Anti-bribery and Corruption Policy
- Whistleblower Procedure
- Diversity Statement
- Continuous Disclosure and Market Communications Policy
- Securities Trading Policy

### 6.1 Ethics and conduct

#### 6.1.1 Code of Conduct

Iluka is committed to practising high standards of conduct and has adopted a Code of Conduct that identifies the standard of ethical conduct expected of all Iluka employees and contractors. The Code of Conduct is underpinned by Iluka's values of Commitment, Integrity and Responsibility, and describes Iluka's objectives, values and standards of behaviour that employees and contractors must apply to all business practices. In addition, the Board has specifically adopted a Directors' Code of Conduct which establishes standards for appropriate ethical and professional behaviour for directors.

Iluka treats actual or suspected breaches of its Code of Conduct and policies seriously and has adopted mechanisms to ensure that suspected breaches are reported and acted upon fairly and effectively. The Code of Conduct is supported by Iluka's Anti-bribery and Corruption Policy and Whistleblower Procedure.

Copies of the Code of Conduct and Directors' Code of Conduct can be found in the Governance section of Iluka's website.

#### 6.1.2 Anti-bribery and Corruption

Iluka has a zero tolerance for bribery or corruption in its business. The Anti-bribery and Corruption Policy, supported by the Anti-bribery and Corruption Procedure sets out the standards and behaviour Iluka expects of its directors, officers, employees, agents, contractors and representatives, and links with the Whistleblower Procedure for the reporting of any actual or suspected breaches of the policy.

The Anti-bribery and Corruption Policy and Procedure have been communicated to key personnel via direct training. An online training module will be made available to all employees in 2016. Any breaches or incidents are reported to management and the Audit and Risk Committee.

Iluka also maintains a Gift Register which management are required to complete and retain as a record for the receipt of entertainment or gifts.

A copy of the Anti-bribery and Corruption Policy can be found in the Governance section of Iluka's website.

### **6.1.3 Whistleblower**

The Whistleblower Procedure documents Iluka's commitment to encouraging all employees, directors, contractors and consultants to raise concerns regarding any misconduct that they believe constitutes a breach of the Code of Conduct, Iluka's policies or the law. This Whistleblower Procedure sets out the mechanism by which staff can confidently, and anonymously if they wish, raise concerns in a responsible manner without fear of discriminatory treatment, recrimination or reprisal, and Iluka's commitment to properly investigate any issues.

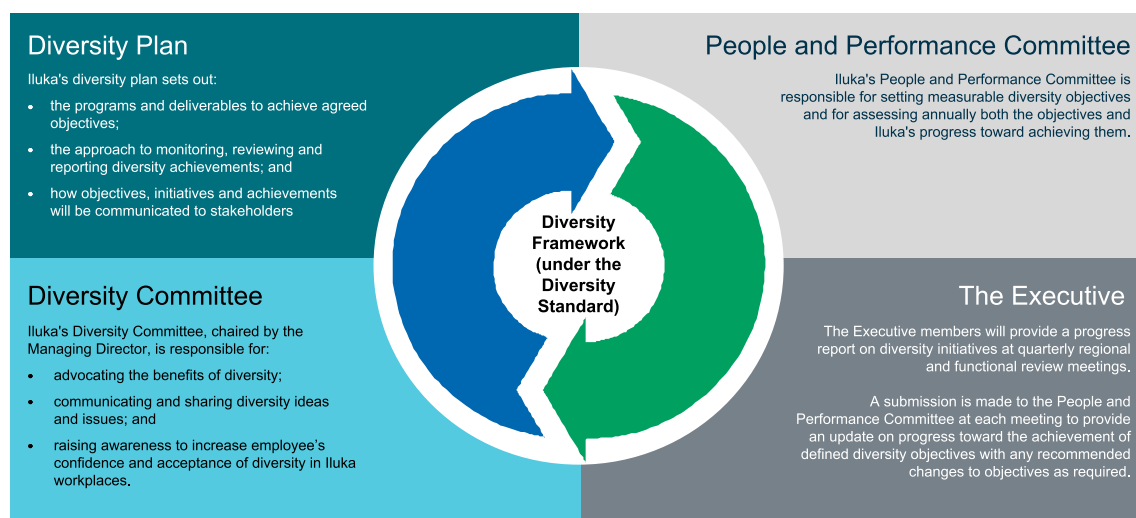
A copy of the Whistleblower Procedure can be found in the Governance section of Iluka's website.

## **6.2 Diversity**

Iluka respects and encourages workplace diversity and strives to create a flexible and inclusive workplace environment. Iluka seeks to attract and retain the best people while building and maintaining a diverse, sustainable and high achieving workforce. To achieve the objective, Iluka is committed to:

- promoting awareness of diversity within Iluka;
- integrating workplace diversity principles into company activities;
- supporting skills development, aligned to the needs of Iluka, in communities in which Iluka operates;
- attracting, developing and retaining more employees across various age ranges, people with disability, women and indigenous people; and
- creating a flexible workplace culture which assists employees to balance their responsibilities.

To meet these objectives, Iluka has established a diversity framework under its Diversity Standard, as described in the diagram below:



Iluka will continue to develop and implement programmes which foster workforce and Board diversity.

The measurable objectives that apply to the Australian workforce throughout 2015 are set out in the table below:

| Measurable Objective <sup>(1)</sup>      | Status of the objective at 31 December 2015 <sup>(1)</sup> |
|------------------------------------------|------------------------------------------------------------|
| 30 per cent female diversity by 2018     | 29 per cent                                                |
| 8 per cent indigenous employment by 2018 | 5 per cent                                                 |

The following table highlights gender diversity across the Iluka group as at 31 December 2015:

| Level                           | Proportion of female (per cent) | Proportion of male (per cent) |
|---------------------------------|---------------------------------|-------------------------------|
| Board <sup>(2)</sup>            | 17                              | 83                            |
| Senior executive <sup>(3)</sup> | 9                               | 91                            |
| Other management levels         | 20                              | 80                            |
| <b>Total Australian Group</b>   | <b>29</b>                       | <b>71</b>                     |
| <b>Total Iluka Group</b>        | <b>27</b>                       | <b>73</b>                     |

Further information outlining Iluka's approach and its progress towards achieving its measurable objectives is set out on pages 52 to 55 of the Iluka Review.

A copy of Iluka's Diversity Standard, as well as other diversity-related documents (including Iluka's most recent Workplace Gender Equality Agency Report) is available on Iluka's website at the following link: [www.iluka.com/people/diversity](http://www.iluka.com/people/diversity).

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(1) Objectives and status are Australian based employees only.

(2) Excludes the Managing Director.

(3) Senior executive includes the Managing Director and his senior executive direct reports.

## **6.3 Continuous disclosure and communications with shareholders**

Iluka is committed to ensuring that shareholders and the market are kept fully and regularly informed of information and major developments concerning Iluka. To achieve this, Iluka has developed a Continuous Disclosure and Market Communications Policy which establishes procedures to ensure that directors and management fulfil their obligations under the Corporations Act and the ASX Listing Rules in relation to the timely disclosure of price-sensitive information.

The policy establishes a Disclosure Committee comprising the Company Secretary, Chief Financial Officer and the General Manager Investor Relations, which reports to the Managing Director.

The Disclosure Committee is responsible for:

- reviewing information, including consulting with Iluka management, personnel and external advisers to determine if disclosure is required;
- ensuring the Managing Director is advised of and approves all information to be disclosed to the market; and
- ensuring that the Board is kept fully informed of the Disclosure Committee's determinations and all information subsequently disclosed to the market.

The Company Secretary is convenor of the Disclosure Committee and has primary responsibility for administration of the policy. The Company Secretary's responsibilities also include monitoring compliance with Iluka's disclosure obligations and managing all communications with the ASX.

Iluka communicates with shareholders through releases to the ASX, Iluka's website, information distributed direct to shareholders and the general meetings of shareholders. To ensure that security holders have the opportunity to participate at meetings of members:

- at the Annual General Meeting, shareholders elect the directors and have the opportunity to express their views, ask questions about company business and vote on items of business for resolution by shareholders; and
- PricewaterhouseCoopers, Iluka's external auditor, attends each Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Iluka has also established an investor relations programme to facilitate effective two-way communication with investors. In addition to providing information on the Iluka website about Iluka and its governance, this programme includes an “Investor Relations Guide” as well as an Investor Relations App, and comprehensive information (including briefing papers and presentations on Iluka’s website) which is designed for those wishing to gain an understanding of the main elements of Iluka, its assets, industry context and basis for shareholder value generation. In particular, information available includes:

- Iluka’s investment proposition, company and shareholder alignment and capital management framework;
- company outline, resource base and operations;
- mineral sands industry overview;
- Iluka’s sales and marketing strategy and customer base;
- historical financials and company presentations;
- latest ASX releases; and
- calendar of events.

Shareholders are also able to send and receive communications to/from Iluka and its registry, Computershare Investor Services Pty Limited electronically. In addition, Iluka has webcast/teleconference facilities associated with full and half year results and any major business presentations. Transcripts of results presentations and major business presentations are placed on the website as soon as practicable after the conclusion of such events.

## **6.4 Dealing in shares**

The Board believes it is in the best interests of shareholders for directors and employees to own shares in Iluka, subject to strict controls and guidelines on share trading.

Iluka has in place a Securities Trading Policy which applies to Iluka’s directors and employees (and their “connected persons”). The policy prohibits directors and employees from trading in Iluka’s securities if they are in possession of price-sensitive information which is not generally available to the market. It also prohibits dealings by directors and certain employees during defined “closed periods” except where clearance has been granted for exceptional circumstances or the dealing falls within an excluded category under the policy.

Closed periods under the policy include:

- the end of the financial year; and
- the end of a half financial year,

to the time when two business days have elapsed after the release of the annual or half yearly results respectively. Outside of these closed periods and prior to any proposed trade, directors and certain employees must seek approval prior to trading in Iluka's securities.

Directors and employees are also restricted from engaging in short-term trading of Iluka's securities and from hedging their securities unless those securities have fully vested and are no longer subject to restrictions. Key management personnel must not at any time enter into a transaction that involves using Iluka's securities as collateral in any financial transaction, including margin lending arrangements.

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