

**APAC Coal Limited  
(ACN 126 296 295)  
("COMPANY")**

**CORPORATE GOVERNANCE POLICIES**

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**APAC Coal Limited**  
**(ACN 126 296 295)**  
**("COMPANY")**

**BOARD CHARTER**

**1. Purpose**

- 1.1 This Board Charter sets out the role and responsibilities of the Board of the Company, within the framework of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Third Edition) ("**ASX Recommendations**"), laws and regulations and the Constitution of the Company.
- 1.2 The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for oversight of the management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

**2. Composition**

- 2.1 The composition of the Board is determined using the following principles:
- (a) a minimum of three Directors, with a broad range of business expertise; and
  - (b) Directors should bring characteristics which allow a mix of qualifications, skills and experience.
- 2.2 Membership of the Board shall be disclosed in the annual report including whether a director is independent or not independent. Loss or gain of independence will be disclosed as applicable.
- 2.3 In determining whether a director is independent the Board will consider whether the director:
- (a) is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
  - (b) is employed, or has previously been employed in executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
  - (c) has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
  - (d) is a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
  - (e) has a material contractual relationship with the Company or other group member other than as a Director of the Company.

### **3. Roles of the Board**

3.1 The Board operates within the broad principles and responsibilities described as follows:

- (a) setting the strategic aims of the Company and overseeing management's performance within that framework;
- (b) making sure that the necessary resources (financial and human) are available to the Company and its senior executives to meet its objectives;
- (c) overseeing management's performance and the progress and development of the Company's strategic plan;
- (d) selecting and appointing suitable Executive Directors with the appropriate skills to help the Company in the pursuit of its objectives;
- (e) determining the remuneration policy for the Board members, Company Secretary and Senior Management;
- (f) controlling and approving financial reporting, capital structures and material contracts;
- (g) ensuring that a sound system risk management and internal controls are in place;
- (h) setting the Company's values and standards;
- (i) undertaking a formal and rigorous review of the Corporate Governance policies to ensure adherence to the ASX Recommendations;
- (j) ensuring that the Company's obligations to shareholders are understood and met;
- (k) ensuring the health, safety and well-being of employees in conjunction with the senior management team, including developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to assure the well-being of all employees;
- (l) ensuring an adequate system is in place for the proper delegation of duties for the effective operative day to day running of the Company without the Board losing sight of the direction that the Company is taking; and
- (m) any other matter considered desirable and in the interest of the Company.

### **4. Roles of the Chairman and Executive Director**

4.1 In accordance with the ASX Recommendations, the Company is aware of the importance of a balanced Board. Accordingly, the Chairman is responsible for the following:

- (a) providing the necessary direction required for an effective Board;
- (b) ensuring that all the Directors receive timely and accurate information so that they can make informed decisions on matters of the Company;

- (c) ensuring that the Board of Directors' collective and individual performance is assessed annually; and
- (d) encouraging active engagement from all members of the Board.

4.2 The Executive Director is responsible for:

- (a) the executive management of the Company's operations;
- (b) policy direction of the operations of the Company;
- (c) the efficient and effective operation of the Company; and
- (d) ensuring all material matters affecting the Company are brought to the Board's attention.

## 5. **Company Secretary**

5.1 The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

- (a) ensuring a good flow of information between the Board, its committees, non-executive Directors and executive Directors;
- (b) monitoring policies and procedures of the Board;
- (c) advising the Board through the Chairman of corporate governance policies;
- (d) providing support and advice to individual Directors, various board committees, senior executives and the Board in general;
- (e) conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes;
- (f) ensuring that compliance systems relating ASX Listing Rules and the *Corporations Act 2001* (Cth) ("**Corporations Act**") are maintained and that the Company and Board adhere to such compliance systems; and
- (g) disseminating regulatory news announcements to the ASX.

5.2 The appointment, removal and remuneration of the Company Secretary is a matter of the Board.

## 6. **Board Meetings**

6.1 The Board will meet approximately 12 times a year and no less than 4 times per year, subject to Company's Constitution. The Board may meet as often as required to fulfil their responsibilities.

6.2 To assist the smooth running of Board processes:

- (a) Board Papers are to be provided to the Board and invitees, where possible, 3 days prior to the meeting; and
- (b) draft minutes of meeting are to be sent to Chairman and other Directors within 14 days following the meeting.

- 6.3 The Board may review this section 6 from time to time. This is an indicative cycle only. The actual timing of events in the lead up to and follow up from Board meetings will be dependent upon the circumstances surrounding each individual meeting.

## **7. Board Committees**

- 7.1 The Board will from time to time establish committees to assist in carrying out its responsibilities and adopts charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.
- 7.2 Where the Company is carrying out matters associated with public capital raisings, the Board will appoint a due diligence committee to oversee the process and the issue of any disclosure documents.

## **8. Appointing Directors**

- 8.1 It is the policy of the Company, that when considering the appointment of new directors the Company should:
- (a) undertake appropriate checks before appointing a person putting forward to security holders a candidate for election; and
  - (b) provide security holders with all material information in its possession relevant to the decision on whether or not to elect or re-elect a director.

## **9. Induction and Education**

- 9.1 It is the policy of the Company, that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:
- (a) details of the roles and responsibilities of a Director;
  - (b) formal policies on Director appointment as well as conduct and contribution expectations;
  - (c) access to a copy of the Corporate Governance Manual;
  - (d) guidelines on how the Board processes function;
  - (e) details of past, recent and likely future developments relating to the Board;
  - (f) background information on and contact information for key people in the organisation;
  - (g) an analysis of the Company;
  - (h) a synopsis of the current strategic direction of the Company; and
  - (i) a copy of the Constitution of the Company.
- 9.2 New Directors are also provided with letters of appointment to the Board, setting out the key terms and conditions relative to the appointment.

- 9.3 In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

## **10. Performance Assessment**

- 10.1 The Company will undertake an annual performance as it is dedicated to:
- (a) examine the impact of the effectiveness of its Directors, Board, and Board Committees; and
  - (b) review and improve on the quality and performance of the entire Board and committee structure.
- 10.2 The evaluation process will be focused on objective and tangible criteria such as:
- (a) performance of the Company;
  - (b) accomplishment of long term strategic objectives;
  - (c) development of management; and
  - (d) growth in shareholder value.
- 10.3 The performance evaluation will be conducted in such manner as the Board deems appropriate.

## **11. Independent Professional Advice**

- 11.1 The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities, subject to the prior approval of the Chairman whose approval will not be unreasonably withheld. If permission is withheld, the matter may be referred to the whole Board.

## **12. Information Seeking Protocol**

- 12.1 Directors will adhere to the following protocol when seeking information:
- (a) approach the Executive Director to request the required data;
  - (b) if the data is not forthcoming, approach the Chairman;
  - (c) if the information is still not forthcoming, write a letter to all Board members and the Executive Director detailing the information that is required, purpose of the information, and who the Director intends to approach in order to obtain the information; and
  - (d) as a last resort, employ the provisions of the Corporations Act.

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**BOARD PERFORMANCE EVALUATION POLICY**

**1. Board of Directors**

- 1.1 This policy is to ensure individual directors ("**Directors**") and the board of Directors of the Company ("**Board**") as a whole work efficiently and effectively in achieving their functions.
- 1.2 Each year the Board will undertake the following activities:
- (a) the Chairperson will meet with each non-executive director separately to discuss individual performance and ideas for improvement; and
  - (b) the Board as a whole will discuss and analyse its own performance during the year including suggestions for change or improvement.

**2. Executive Directors and Key Executives**

- 2.1 This policy is to ensure the Executive Director and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives. In order to accomplish this:
- (a) the Board will review the Company's strategy annually;
  - (b) following strategy review above the Board will set the organisation performance objectives based on qualitative and quantitative measures;
  - (c) the objectives above are reviewed periodically to ensure they remain consistent with the Company's priorities and the changing nature of the Company's business;
  - (d) the objectives form part of the performance targets for the Executive Director; and
  - (e) performance against these objectives is reviewed annually by the Board and is reflected in the Executive Directors remuneration review.

**3. Board Committees**

- 3.1 This policy is to ensure committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in the Board Charter.
- 3.2 Each year the Board will undertake the following activities:
- (a) review the necessity of establishing any committees and delegating certain of its responsibilities to the relevant committee;
  - (b) review the committees' achievements during the year based on their duties; and

- (c) review the charters of the committees to ensure that they are up to date and remain consistent with the Company's strategy.

#### **4. Review of Board Performance Evaluation Policy**

- 4.1 This policy will be reviewed annually.



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**CODE OF CONDUCT**

**1. Introduction**

- 1.1 The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility.
- 1.2 This Code of Conduct ("**Code**") addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the board of directors of the Company ("**Board**"), and will be published on the Company's website.
- 1.3 This code applies equally to all directors, employees, contractors and officers of the Company.

**2. Purpose**

- 2.1 All stakeholders are entitled to expect the highest professional standards from employees, directors and officers of the Company. Compliance with this Code and the Company's other policies, will ensure compliance with the *Corporations Act 2001* (Cth) ("**Corporations Act**") and will contribute to the good corporate governance of the Company.

**3. Discharge of Duties**

- 3.1 Directors of the Company ("**Directors**") must discharge their duties at the highest levels of honesty and integrity, acting in good faith and in the best interests of the whole Company, having regard to their position, and the organisation's goals and objectives. This entails taking personal responsibility for all issues over which they have control, and for reporting any observed breaches of laws or regulations. It also requires that the Directors do not act in ways which would lead others to question their commitment to the Company.
- 3.2 As appointed officers all Directors will undertake diligent analysis of all proposals placed before the Board, demonstrate commercial reasonableness in decision-making and will act with a level of skill expected from Directors and key executives of a publicly listed Company.

**4. Relationships**

- 4.1 Performance-enhancing teamwork relies on a workplace where people are treated fairly, are respected by their colleagues, and encourage each other to develop corporately and personally. All Directors and key executives are all responsible for making this happen.
- 4.2 The Company is an equal opportunity employer, and discrimination or harassment of any kind will not be tolerated.
- 4.3 In dealings both inside and outside the Company individual Directors will value integrity, accuracy, conciseness and timeliness.

## **5. Compliance with Laws and Ethics**

- 5.1 Directors must respect the laws, customs and business practices of the countries in which the Company operates, without compromising the Code principles. Additionally, the Directors must:
- (a) comply with the ethical and technical requirements of relevant regulatory and professional bodies;
  - (b) comply with and promote ethical behaviour; and
  - (c) not engage in conduct likely to bring discredit upon the Company.

## **6. Conflicts of Interest**

- 6.1 All Directors have an obligation to be independent in judgment and actions and as Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board.
- 6.2 In circumstances where personal interests may conflict with those of the Company, or its stakeholders, steps must be taken by each Director to eliminate or manage such conflict.
- 6.3 Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director and the interests of the Company. Whether an interest is material or not is covered by the materiality threshold set by the Board.
- 6.4 The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot or is unwilling to remove a conflict of interest then the Director must absent himself or herself from the room when discussion and voting occur on matters to which the conflict relates. The entry and exit of the Director concerned will be minuted by the Company Secretary. Directors are not required to absent themselves when either:
- (a) the conflict of interest relates to an interest common to all Company members; or
  - (b) the Board passes a resolution that identifies the Director, the nature and extent of the Director's interest and clearly states that the other Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.
- 6.5 Gifts or entertainment must not be accepted where the acceptance of the gift could create an obligation on the Company to outside parties.

## **7. Related Party Transactions**

- 7.1 Related party transactions include any financial transaction between a Director or officer and the Company and will be reported in writing to each Board meeting.
- 7.2 The Board cannot approve or decide on related party transactions. The Corporations Act and the ASX Listing Rules require related party transactions to be approved by the shareholders.

7.3 The Board has also resolved that where applications are made by a related party to a Director or officer of the Company, then the Director or officer shall exclude himself or herself from the approval process.

7.4 Related party for this process has the meaning given in section 228 of the Corporations Act.

## **8. Confidentiality**

8.1 Directors, officers and employees of the Company who are in possession of commercially sensitive or otherwise confidential information should not disseminate it to colleagues unnecessarily, and must not disclose the information to outside parties.

8.2 All individuals are prohibited by law from trading in the Company's securities if they possess commercially sensitive information not released to the ASX. The Board has adopted a Security Trading Policy governing when Directors, key executives and employees are able to buy and sell the Company's securities.

## **9. Use of Company Assets**

9.1 The Company's assets are critical to its business and future success. The Company's assets can include, for example, office and plant equipment. Employees cannot make personal use of assets without permission.

9.2 There will be no unreasonable expenditure on benefits such as gifts or entertainment for employees or outside parties.

## **10. Competition**

10.1 The Company competes fairly in the situations and markets in which it operates. It does not use coercive or misleading practices. Furthermore, the Company does not falsify or wrongly withhold information.

## **11. Environment, Health and Safety**

11.1 The Company must take into account the impact of environmental, health and safety issues when making business decisions and in particular, compliance with local laws.

## **12. Breach of the Code**

12.1 Directors, officers and employees of the Company are under the obligation to ensure that the Code is not breached. Should a Director, officer or employee notice any violations of this Code, the Executive Director, Managing Director, Chief Executive Officer or the relevant supervisor must be notified. In the case where none of the above is available, breaches must be reported to the Chairman of the Company.

12.2 The reporting of any breaches of this Code will undergo thorough investigation and appropriate actions will be taken by the Company. Any alleged breach of the code will be dealt with promptly and in fairness. The Company will ensure that any officer or employee reporting any alleged breach of this Code will not be disadvantaged in any way. Officers and employees must not use the reporting mechanism maliciously or mischievously.

## **13. Review of Code of Conduct**

13.1 This Code will be formally reviewed by the Board each year.

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**AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER**

**1. Membership**

- 1.1 The Audit and Risk Management Committee will consist of at least three members. Members will be appointed by the Board 'where possible' from amongst the Non-Executive, Directors, a majority of who, 'where possible', will also be independent. In addition, the Audit and Risk Management Committee will comprise:
- (a) members who can all read and understand financial statements and are otherwise financially literate;
  - (b) at least one member with financial expertise either as a qualified accountant or other financial professional with experience in financial and accounting matters; and
  - (c) at least one member who has an understanding of the industry in which the Company operates.

**2. Chairman**

- 2.1 The Audit and Risk Management Committee will appoint an independent Director, other than the Chairman of the Board, to be the Chairman of the Audit and Risk Management Committee ("**Chairman**").

**3. Secretary**

- 3.1 The Company Secretary will be the Secretary of the Audit and Risk Management Committee ("**Secretary**").

**4. Other Attendees**

- 4.1 The Executive Director as well as other members of senior management may be invited to be present for all or part of the meetings of the Audit and Risk Management Committee, but will not be members of the Audit and Risk Management Committee.
- 4.2 Representatives of the external auditor are expected to attend each meeting of the Audit and Risk Management Committee and at least once a year the Audit and Risk Management Committee shall meet with the external auditors without any management staff or executives present.

**5. Quorum**

- 5.1 A quorum will be three members.

**6. Meetings**

- 6.1 Audit and Risk Management Committee meetings will be held not less than two times a year so as to enable the Audit and Risk Management Committee to undertake its role effectively. In addition, the Chairman will be required to call a meeting of the Audit and Risk Management Committee if requested to do so by any member of the

Audit and Risk Management Committee, the Executive Director, or the external auditor.

## **7. Authority**

- 7.1 The Audit and Risk Management Committee is authorised by the Board to investigate any activity within its charter. The Audit and Risk Management Committee will have access to management and auditors with or without management present and has rights to seek explanations and additional information. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Audit and Risk Management Committee.
- 7.2 The Audit and Risk Management Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 7.3 The Audit and Risk Management Committee is required to make recommendations to the Board on all matters within the Audit and Risk Management Committee's charter.

## **8. Reporting Procedures**

- 8.1 The Audit and Risk Management Committee will keep minutes of its meetings. The Secretary shall circulate the minutes of the meetings of the Audit and Risk Management Committee to all members of the Audit and Risk Management Committee for comment and change before being signed by the Chairman of the Audit and Risk Management Committee and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Audit and Risk Management Committee meeting along with any recommendations of the Audit and Risk Management Committee.

## **9. Responsibilities of the Audit and Risk Management Committee**

- 9.1 The Audit and Risk Management Committee is responsible for reviewing the integrity of the Company's financial reporting, overseeing the independence of the external auditors ("**Audit Limb**") and oversight of the Company's risk management and control framework ("**Risk Limb**"). An explanation of the roles and duties of each limb are set out below.

## **10. Audit Limb**

### **10.1 Financial Statements**

The Audit and Risk Management Committee shall:

- (a) 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;
- (b) review the audited annual and half yearly financial statements and any reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on:

- (i) any changes in accounting policies and practices;
- (ii) major judgmental areas;
- (iii) significant adjustments, accounting and financial reporting issues resulting from the internal and external audit;
- (iv) compliance with accounting policies and standards; and
- (v) compliance with legal requirements;
- (c) review the evaluation by management of factors related to the independence of the Company's public accountant and to assist them in the preservation of such independence; and
- (d) oversee the appointment of the Company's public accountant by the Board.

## 10.2 Related Party Transactions

The Audit and Risk Management Committee shall monitor and review the propriety of any related party transactions.

## 10.3 External Audit Function

The Audit and Risk Management Committee shall:

- (a) recommend to the Board the appointment of the external auditor;
- (b) annually review the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal;
- (c) discuss with the external auditor before the audit commences the nature and scope of the audit;
- (d) meet privately with the external auditor on at least an annual basis;
- (e) determine that no management restrictions are being placed upon external auditor;
- (f) discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);
- (g) review the external auditor's management letter and management's response; and
- (h) review any regulatory reports on the Company's operations and management's response.

## 10.4 Reliance on Professional or Expert Advice and Information

Each member of the Audit and Risk Management Committee will be entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- (a) an employee of the Company whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (b) a professional advisor or expert in relation to matters that the member believes on reasonable grounds to be within the advisor's or expert's professional or expert competence; or
- (c) another Director or officer of the Company in relation to matters within the Director's or officer's authority.

#### 10.5 Communication

The Audit and Risk Management Committee shall:

- (a) provide, through regular meetings, a forum for communication between the Board, senior financial management, staff involved in internal control procedures and the external auditors;
- (b) enhance the credibility and objectivity of financial reports with other interested parties, including creditors, key stakeholders and the general public; and
- (c) establish procedures for complaints and reports regarding accounting, internal accounting controls and auditing matters and ensuring a mechanism for the confidential treatment of such complaints and reports (including the ability to submit complaints and reports anonymously).

#### 10.6 Assessment of Effectiveness

The Audit and Risk Management Committee shall:

- (a) evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with the Board and the external auditors; and
- (b) arrange for the annual review of this Charter by the Board.

#### 10.7 Oversight of the Risk Management System

The Audit and Risk Management Committee shall:

- (a) oversee the establishment and implementation by the Board of a system for identifying, assessing, monitoring and managing material risk throughout the Company. This system will include the Company's internal compliance and control systems;
- (b) annually review the Company's risk management systems to ensure the exposure to the various categories of risk are minimised prior to endorsement by the Board;
- (c) evaluate the Company's exposure to fraud;
- (d) take an active interest in ethical considerations regarding the Company's policies and practices;
- (e) monitor the standard of corporate conduct in areas such as arms-length dealings and likely conflicts of interest;

- (f) identify and direct any special projects or investigations deemed necessary;
- (g) ensure the appropriate engagement, employment and deployment of all employees under statutory obligations;
- (h) ensure a safe working culture is sustained in the workforce;
- (i) determine the Company's risk profile describing the material risks, including both financial and non-financial matters, facing the company; and
- (j) regularly review and update the risk profile.

## **11. Risk Limb**

### **11.1 Responsibility and Oversight**

- (a) The Audit and Risk Management Committee is responsible for the oversight of the Company's risk management and control framework.
- (b) Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Executive Director having ultimate responsibility to the Board for the risk management and control framework.

### **11.2 Primary Objectives**

The primary objectives of the risk management system at the Company are to ensure:

- (a) all major sources of potential opportunity for and harm to the Company (both existing and potential) are identified, analysed and treated appropriately;
- (b) business decisions throughout the Company appropriately balance the risk and reward trade off;
- (c) regulatory compliance and integrity in reporting is achieved; and
- (d) senior management, the Board and investors understand the risk profile of the Company.

### **11.3 Risk Management System**

In line with these objectives the risk management system covers:

- (a) operational risk;
- (b) financial reporting;
- (c) compliance and regulations; and
- (d) system and information technology process risk.

### **11.4 Monitoring Risk**

Arrangements put in place by the Audit and Risk Management Committee to monitor risk management include:



- (a) monthly reporting to the Board in respect of operations and the financial position of the Company;
- (b) quarterly rolling forecasts prepared;
- (c) circulation of minutes of relevant committees to the Board and the Chairman of each respective committee; and
- (d) a report to the Board by each committee to be provided on an annual basis.

#### 11.5 Risk Management Framework

A risk management model is also being developed and will provide a framework for systematically understanding and identifying the types of business risks threatening the Company as a whole, or specific business activities within the Company.

#### 11.6 Material Business Risks & Reporting

- (a) Given the speculative nature of the Company's business it is subject to general risks and certain specific risks. Some of these risks include but are not limited to the following:
  - (i) liquidity risk;
  - (ii) operating risks;
  - (iii) loss of key personnel;
  - (iv) reliance on strategic partners; and
  - (v) capital requirements.
- (b) The analysis and evaluation criteria are used to continually assess the impact of risks upon the Company's business objectives. The Audit and Risk Management Committee is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. The annual business planning process includes careful consideration of internal and external risk profile of the Company.
- (c) The Executive Director and Chief Financial Officer (or equivalent) will report monthly to the Board on the areas they are responsible for, including material business risks and provide an annual written report to the Board summarising the effectiveness of the Company's management of material business risks.
- (d) The Company's business risk management process provides a comprehensive, integrated approach for carrying out risk management activities. This process will allow the Audit and Risk Management Committee to minimise the potential impact of business risks in achieving objectives to create and protect shareholder value.

#### 11.7 Integrity of Financial Reporting

The Company's Chief Executive Officer and Chief Financial Officer (or equivalent) are required to report in writing to the Board (as required by section 295A of the *Corporations Act 2001* (Cth) ("**Corporations Act**")) that:

- (a) the financial statements of the Company and its controlled entities (where appropriate) for each half and full year present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with accounting standards;
- (b) the statement in section 11.7(a) above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- (c) the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Note: Under the provisions of the Corporations Act a person performs a *chief executive function* in relation to the Company if that person is the person who is primarily and directly responsible to the Directors for the general and overall management of the Company.

In addition, in the event that there is not a Chief Financial Officer in place, the Corporations Act provides that a person performs a *chief financial officer function* in relation to the Company if that person is the person who is primarily responsible for financial matters in relation to the Company and directly responsible for those matters to either the Directors or the person who performs the chief executive function in relation to the Company.

The persons fulfilling these respective roles will be identified by the Board with the appropriate declarations made as required.

#### 11.8 Review of Risk Management Policy

This policy will be reviewed annually by the Audit and Risk Management Committee with any proposed changes to be approved by the Board.

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**REMUNERATION AND NOMINATION COMMITTEE CHARTER**

**1. Membership**

- 1.1 The Committee shall be appointed by the Board from among the Non-Executive Directors of the Company and shall consist of not less than three members with the majority being independent Directors where possible.

**2. Chairman**

- 2.1 The Committee shall appoint an independent Director as the Chairman of the Committee ("**Chairman**").

**3. Secretary**

- 3.1 The Company Secretary shall be the Secretary of the Committee ("**Secretary**").

**4. Quorum**

- 4.1 A quorum shall be two members.

**5. Meeting Frequency**

- 5.1 Committee meetings will be held not less than once a year to enable the Committee to undertake its role effectively.

**6. Reporting Procedures**

- 6.1 The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Committee for comment and change before being signed by the Chairman and circulated to the Board with the Board papers for the next Board meeting. The minutes are to be tabled at the Board meeting following the Committee meeting along with any recommendations of the Committee.

**7. Duties**

The duties of the Committee are set out below.

**7.1 Remuneration Duties**

The remuneration duties of the Committee are to:

- (a) assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and policies including incentive policies for Directors and senior executives;
- (b) assess the market to ensure that senior executives are being rewarded commensurate with their responsibilities;
- (c) obtain the best possible advice in establishing salary levels;

- (d) set policies for senior executives' remuneration;
- (e) review the salary levels of senior executives and make recommendations to the Board on any proposed increases;
- (f) propose, for full Board approval, the terms and conditions of employment for the Managing Director;
- (g) review the Company's recruitment, retention and termination policies and procedures for senior management;
- (h) review and make recommendations to the Board on the Company's incentive schemes; and
- (i) review and make recommendations to the Board on the Company's superannuation arrangements.

## 7.2 Nomination Duties

The nomination duties of the Committee are to:

- (a) develop and regularly review a policy on Board structure;
- (b) develop criteria for Board membership;
- (c) identify and screen specific candidates for nomination;
- (d) ensure there is an appropriate induction and orientation program in place;
- (e) make recommendations to the Board for Committee membership;
- (f) ensure there is an appropriate Board succession plan in place;
- (g) ensure the regular review of performance of the Board and its members;
- (h) develop with Directors an appropriate training and development program;
- (i) oversee management's succession planning including the Managing Director and his or her direct reports;
- (j) assist the Chairman in advising Directors about their performance and possible retirement;
- (k) review the policy in respect of tenure, remuneration and retirement of Directors; and
- (l) review this Charter annually.

**APAC Coal Limited**  
**(ACN 126 296 295)**  
**("COMPANY")**

**SECURITY TRADING POLICY**

***Introduction***

This document sets out the Company's policy on the sale and purchase of its securities by its Directors, employees and contractors.

The purpose of this policy is to:

- (a) impose "Black-out" periods at various times during the year, particularly in periods leading up to an announcement of results, during which trading of the Company's securities by Directors is prohibited; and
- (b) set out procedures to reduce the risk of insider trading.

A basic explanation on insider trading is provided together with the steps taken by the Company to prevent insider trading, including:

- (a) a description of what conduct may constitute insider trading;
- (b) the windows when Directors, employees and contractors are permitted to buy or sell securities in order to minimise the risk of insider trading; and
- (c) the steps to take when buying or selling securities in the Company.

***Definition of Insider Trading***

**1. Prohibition**

1.1 Insider trading is a criminal offence. A person will be guilty of insider trading if:

- (a) that person possesses information in relation to a company which is not generally available to the market, and if it were generally available to the market, would be likely to affect the price or value of that company's securities (i.e. information that is "price sensitive"); and
- (b) that person:
  - (i) buys or sells securities in the company;
  - (ii) procures someone else to buy or sell securities in the company; or
  - (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to deal in the securities or procure someone else to deal in the securities of the company.

**2. Examples**

2.1 Price sensitive information means information relating to the Company that would, if the information were publicly known, be likely to:

- (a) have a material effect on the price or value of the Company's shares; or
  - (b) influence persons who invest in securities in deciding whether or not to buy or sell the company's shares.
- 2.2 The following are examples of price sensitive information which, if made available to the market, would be likely to affect the price of the Company's securities:
  - (a) the Company is considering the acquisition of another company;
  - (b) product testing results confirming (or falling short of) the market's expectations.

### **3. Dealing through Third Parties**

- 3.1 A person does not need to be a Director or employee of Company to be guilty of insider trading in relation to securities in the Company. The prohibition extends to dealings by anyone, including Directors' or employees' nominees, agents or other associates, such as family members, family trusts and family companies, as well as customers and suppliers.

### **4. Contractors and External Advisors**

- 4.1 Contractors employed by the Company shall be informed of this policy when they are appointed and are required to adhere to the policy so long as they are contracted by the Company. Breach of the policy may lead to termination of contract arrangements.
- 4.2 The Company's employees dealing with external advisers need to ensure that the advisers are aware of the insider trading rules and where these dealings cover material matters, that the issue of insider trading is covered in confidentiality documents.

### **5. Meaning of Securities**

- 5.1 The rules covers shares in the Company, derivatives related to the Company's shares, whether issued by the company or not and to any traded company options. It also applies to the exercise of options, including employee options.

### **6. Related Companies**

- 6.1 Directors, employees and contractors, where they possess inside information, should also not deal in securities of other companies with which the Company might have an association or be about to enter such association such as joint venture or farm in partners.

### ***Guidelines for Trading in the Company's Securities***

#### **7. Approval Process**

- 7.1 Directors, employees and contractors can deal in securities of the Company in the following circumstances:
  - (a) it is not during a closed period or a prohibited period as contemplated by section 7.3, and they have satisfied themselves that they are not in

possession of any price sensitive information that is not generally available to the public; or

- (c) they have contacted the Chairman or in his absence, the Managing Director and notified them of their intention to do so and provided all relevant information with this notification, and the Chairman or Managing Director has given their prior written approval to the proposed dealing.

7.2 Where the Chairman wishes to deal with his securities outside of a closed period or a prohibited period as contemplated by section 7.3, he must obtain the prior written approval of the Board prior to doing so.

7.3 The Chairman will generally not allow Directors, employees and contractors to deal in securities of the Company as a matter of course in the following closed periods:

- (a) within the period of 14 days prior to the release of the Appendix 4E Preliminary Final Report;
- (b) within the period of 14 days prior to the release of annual and half yearly results; and
- (c) within the period of 14 days prior to the Annual General Meeting,

however, if there is in existence price sensitive information that has not been disclosed because of an ASX Listing Rule exception, then Directors, employees and contractors must not deal in securities of the Company during those prohibited periods.

7.4 Directors and executives are also excluded from dealing in securities within the period from receipt of the Board Pack and the Directors' Meeting.

7.5 Directors, employees and contractors should wait at least 2 days after the relevant release before dealing in securities so that the market has had time to absorb the information.

7.6 This notification obligation operates at all times and applies to dealings in the Company's securities by family members and other associates of Directors, employees and contractors as well as to personal dealings by Directors and employees. It does not apply to any issue of securities by the Company pursuant to a prospectus or like disclosure under the *Corporations Act 2001* (Cth) ("**Corporations Act**"), or under employee share and option plans.

7.7 Directors, employees and contractors must not at any time engage in short-term trading in securities of the Company.

7.8 Directors, employees and contractors must not communicate price sensitive information to a person who may deal in securities of the Company. In addition, Directors, employees and contractors should not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or directors of a family company) the buying or selling of securities in the Company.

7.9 This policy does not apply to trading which does not result in a change in beneficial control of the Company's shares; e.g. transferring a personal holding of the Company's shares to a pension fund or superannuation fund.

## **8. Hedging unvested entitlements**

8.1 Hedging unvested entitlements restrictions are as follows:

- (a) Entitlements under the Company's equity based incentive plans (if any) are subject to the satisfaction of various time and/or performance hurdles to ensure alignment of employee rewards with the Company's objectives and performance. Transactions which "hedge" the value of entitlements could distort the proper functioning of these hurdles and reduce the intended alignment with shareholder interests.
- (b) Directors, and executives participating in an equity-based executive incentive plan, are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the Company's securities.

8.2 Notwithstanding the restriction imposed by section 8.1(b) above, Directors may enter into hedging transactions in respect of the Company's securities held by them outside any equity based performance plan or once the securities have been vested.

8.3 However, Directors should ensure that entry into any hedging transaction occurs outside the Company's black-out periods and otherwise complies with this policy.

## **9. Dealing in Exceptional Circumstances**

9.1 In specific circumstances however, such as financial hardship, the Chairman may waive in writing the requirement of a Director, employee or contractor to deal in the Company's securities outside blackout periods on the condition that the Director, employee or contractor can demonstrate to the Chairman that he or she are not in possession of any price sensitive information that is not generally available to the public. In such circumstances, the Director, employee or contractor must provide a written statement to the Chairman setting out the relevant exceptional circumstances, confirming that they are not in possession of any information which is price sensitive and which would have a material effect on the price or value of the securities.

9.2 The procedure set out in section 9.1 is in addition to the requirements of section 7.

## **10. Consequences of Breach of the Security Trading Policy**

10.1 Breach of this policy by any the Company's employees or their family members would be expose that employee or family member (as applicable) to criminal and civil liability.

10.2 The Company will regard breach of insider trading law or this policy as serious misconduct.

## **11. ASX Notification by Directors**

11.1 ASX obliges a Director to notify ASX within the 5 days after any dealings in Company's securities (either personally or through a third party) which results in a change in the relevant interests of the Director in Company's securities. Accordingly, Directors must notify the Company Secretary immediately on acquiring or disposing of a relevant interest in any securities in the Company. It is the individual responsibility of Directors to ensure they comply with this requirement.





**APAC Coal Limited**  
**(ACN 126 296 295)**  
**(“COMPANY”)**

**CONTINUOUS DISCLOSURE POLICY**

**1. Continuous Disclosure**

1.1 The Company is committed to:

- (a) ensuring that shareholders and the market are provided with full and timely information about its activities;
- (b) complying with the continuous disclosure obligations contained in the ASX Listing Rules and the applicable sections of the *Corporations Act 2001* (Cth); and
- (c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

1.2 This policy covers financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.

1.3 The Company Secretary manages this policy. This policy will develop over time as best practice and regulations change and the Company Secretary will be responsible for communicating any amendments. This policy will be reviewed by the Board annually.

**2. Guiding Principle**

2.1 The Company will immediately notify the market via an announcement to the ASX of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities or influence an investment decision on the Company's securities.

2.2 The Company will ensure that it does not communicate material price sensitive information to an external party except where that information has previously been disclosed to the ASX.

2.3 ASX Disclosure Carve-Outs

Disclosure is not required, where all of the three following requirements are met:

- (a) a reasonable person would not expect the information to be disclosed;
- (b) the information is confidential and ASX has not formed the view that the information has ceased to be confidential; and
- (c) one or more of certain conditions contained in ASX Listing Rule 3.1A are satisfied being:
  - (i) it would be a breach of a law to disclose the information;
  - (ii) the information concerns an incomplete proposal or negotiation;

- (iii) the information comprises matters of supposition or is insufficiently defined to warrant disclosure;
- (iv) the information is generated for the internal management purposes of the entity; or
- (v) the information is a trade secret.

## 2.4 “Material” Information

Information is considered material if there is a substantial probability that the information would influence investors in deciding whether to invest in or divest the Company’s securities. In particular, results of economic studies and earnings forecast guidance will not be provided to the market where this has not been released to the market in general.

## 3. Communication Protocols

### 3.1 Reporting of Material Information

- (a) The Company’s protocol in relation to the review and release of ASX announcements (and media releases) is as follows:
  - (i) information is determined by the Board, Company Secretary or other employee of the Company as being of a type or nature that may warrant disclosure to the ASX;
  - (ii) if not known by the Executive Director, all information should be reported to the Executive Director;
  - (iii) the Executive Director will determine the nature and extent of the information and consult with the Board and Company Secretary to determine the form and content of any ASX Release;
  - (iv) the Executive Director will agree on the text of the proposed release and will be responsible for ensuring that the Company establishes a vetting procedure to ensure that the announcements are factual and do not omit any material information. The Executive Director will also be responsible for ensuring that Company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions. The Company Secretary may also be required to draft the release for review and will liaise with the Executive Director and Chairman to ensure all announcements are made in a timely manner;
  - (v) depending on the nature of the release, the sensitivity of the information and the availability of the Board, the Executive Director and Chairman will then determine whether the Board, as a whole, should be involved in the review of the proposed release; and
  - (vi) the Company Secretary will then release the proposed release to the market, and ensure that the website is updated.
- (b) The Company will not release publicly any information required to be disclosed through the ASX until cleared by the ASX.

### 3.2 Authorised Spokespersons

- (a) Only authorised persons are allowed to make public statements to external parties, shareholders, investors, stockbroker's analysts or the media in relation on any matters affecting the Company. Currently, those persons authorised are:
  - (i) the Chairman;
  - (ii) the Executive Director; or
  - (iii) their delegates nominated for that purpose.
- (b) The authorised persons in section 3.2(a) above may clarify information that the Company has publicly released but will not comment on material price sensitive issues that have not been disclosed to the market generally.
- (c) Any staff member who receives a request for comment from an external third party is to refer the enquiry to the Executive Director.

### 3.3 Distribution of Information

- (a) All information released to the ASX after clearance from ASX will be promptly placed on the Company's website, the latest within 24 hours.
- (b) Any substantive written material or presentations made to institutions, stockbrokers or shareholders, which do not contain material information, will be placed on the Company's website prior to such presentations and will be sent to ASX.

### 3.4 Management Responsibilities

- (a) The Company's officers, employees and contractors must be made aware of this Disclosure Policy. Employees or contractors must disclose any information which comes to their attention and is believed to potentially be material to the Company Secretary or Executive Director.
- (b) Officers, employees and contractors must be made aware of the "no comment policy" to external parties on any matters which may be material to the Company.

### 3.5 Trading Halts

The Company may request a trading halt to maintain orderly trading in the Company's securities. The Company Secretary will manage the process in consultation with the Chairman, Executive Director and Directors as required.

## 4. Contact with the Market

- 4.1 Key executives interact regularly with the market on the Company's activities in a number of ways, including briefings, market announcements, regular updates on industry issues, one-on-one briefing, meetings and educational sessions.
- 4.2 In addition, the Company occasionally provides background and technical information to institutional investors and stockbroking analysts to support announcements made to the ASX about the Company's on-going business activities.

- 4.3 At all times when interacting with external individuals, investors, stockbroking analysts and market participants, the representatives of the Company should adhere to the guiding principle set out in this policy.
- 4.4 Open Briefings to Institutional Investors and Stockbroking Analysts
- (a) The Company may hold open briefings (i.e. where all members of a relevant group are invited) with shareholders, investors and/or stockbroking analysts to discuss information that has been released to the market.
  - (b) Representatives of the Company are under the obligation of this policy and should not disclose any material price or value sensitive information that has not been announced to the market generally.
  - (c) With regards to open briefings, the Company will place any written briefing and presentation materials onto their website at the conclusion of the briefing; and for the purposes of this policy, public speeches and presentations by the Company's Chairman or Executive Director will be classed as 'open briefings'.
- 4.5 One-on-one Briefings with Stockbrokers, Analysts and Institutional Investors and Shareholders
- (a) It is in the interests of the Company's shareholders that stockbroking analysts have a thorough understanding of the Company's business operations and activities. In addition, other professional investors may seek to better understand certain aspects of the Company's strategy.
  - (b) From time to time, the Company participates in one-on-one briefings with various investment professionals. At these briefings the Company may provide background and technical information to assist these people in their understanding of the Company's business activities. The Company's policy is that no previously undisclosed material price or value sensitive information will be disclosed at those briefings.
  - (c) For the purposes of this policy a one-on-one briefing includes any communication between the Company and a stockbroking analyst including, for example, phone calls or e-mails made to the Company's Executive Director. Any written materials to be used at open or one-on-one briefings with institutional investors or stockbroking analysts will be reviewed by the Executive Director to ensure all information has previously been disclosed to the market. Where this is not the case, the information will be disclosed in the manner outlined above.
- 4.6 Review of Analyst Reports
- (a) The Company recognises the important role performed by analysts in assisting the establishment of an efficient market with respect to the Company's securities. However, the Company is not responsible for, and does not endorse, analyst reports that contain commentary on the Company.
  - (b) The Company will not provide non-disclosed material price or value sensitive information in response to such reports. The information may be reviewed only to correct factual inaccuracies. Any correction of factual inaccuracies by the Company does not imply endorsement of the content of those reports.

#### 4.7 Managing Market Speculation and Rumours

- (a) Market speculation and rumours, whether substantiated or not, have a potential to impact the Company's share price. Speculation may also contain factual errors that could materially affect the Company.
- (b) The Company's general policy on responding to market speculation and rumours is that "the Company does not respond to market speculation or rumours". However, the Company may issue a statement in relation to market speculation or rumour where and when it considers it necessary.
- (c) Speculation may result in the ASX formally requesting disclosure by the Company on the matter, in which case the Company will respond to the request.

**APAC Coal Limited**  
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**(“COMPANY”)**

**SHAREHOLDER COMMUNICATIONS POLICY**

The board of Directors of the Company (“**Board**”) aims to ensure that shareholders are informed of all major developments.

Information is communicated to shareholders as follows:

**1. Reports to Shareholders**

- 1.1 The Annual Report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the Report). The Board ensures that the Annual Report includes relevant information about the operations of the Company during the year, changes in the state of affairs of the Company and details of future developments, in addition to the other disclosures required by the *Corporations Act 2001* (Cth) (“**Corporations Act**”) and the ASX Listing Rules.
- 1.2 The Half-yearly Report contains summarised financial information and a review of the operations of the Company during the period. Half-yearly reviewed Financial Statements prepared in accordance with the requirements of Accounting Standards and the Corporations Act are lodged with the Australian Securities & Investments Commission and the ASX. The Financial Statements are sent to any Shareholder who requests them.

**2. ASX Announcements**

- 2.1 Regular reports are released through the ASX and the media.

**3. Annual General Meetings**

- 3.1 The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company’s strategy and goals. The Company will use general meetings as a tool to effectively communicate with shareholders and allow shareholders a reasonable opportunity to ask questions of the Board and to otherwise participate in the meeting.
- 3.2 The external auditor of the Company will be asked to attend each Annual General Meeting of the Company and be available to answer shareholder questions about the conduct of the audit and the preparation of the Auditor’s Report.

**4. Website**

- 4.1 The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company’s shareholders informed about the Company.
- 4.2 In particular, where appropriate, after confirmation of receipt by the ASX, the following will be posted to the Company website:
  - (a) relevant announcements made to the market via the ASX;

- (b) media releases;
- (c) investment updates;
- (d) company presentations and media briefings;
- (e) copies of press releases and announcements for the preceding three years; and
- (f) copies of annual and half yearly reports including financial statements for the preceding three years.

## **5. Opting in to Receive Electronic Communication**

- 5.1 As part of the Company's investor relations program, Shareholders may register with the Company Secretary at [dennis@dwcorporate.com](mailto:dennis@dwcorporate.com) to receive email notifications when an announcement is made by the Company.
- 5.2 The default option for received a copy of the annual report is via the Company's website, however all Shareholders have the option of receiving, free of charge,, a printed copy of the annual report or alternatively may elect to receive the annual report via email by notifying the Company's Registrar, Security Transfer Australia of this election.

## **6. Shareholder Enquiries**

- 6.1 Shareholders and the investing public may at any time make a request for company information to the extent such information is publicly available.
- 6.2 Shareholders should direct any enquiries through our website or alternatively, shareholders may contact the Company Secretary on +61 8 9389 2111.
- 6.3 For enquiries regarding their shareholdings, Shareholders may contact the Company's Registrar on the details below:

### **Advanced Share Registry Limited**

Phone: 1300 113 258 (within Australia) + 61 8 9389 8033 (from overseas)

Fax: +61 8 9262 3723

Web: <https://www.advancedshare.com.au>

Postal Address: PO Box 1156  
Nedlands WA 6909 Australia

## **7. Other Information**

- 7.1 While the Company aims to provide sufficient information to shareholders about the Company and its activities, it understands that shareholders may have specific questions and require additional information. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.



## **8. Review of Shareholder Communications**

- 8.1 This policy will be formally reviewed by the Board each year.

**APAC Coal Limited**  
**(ACN 126 296 295)**  
**("COMPANY")**

**DIVERSITY POLICY**

**1. Interpretation**

1.1 Definitions

In this policy:

- (a) **"ASX"** means the ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires;
- (b) **"ASX Recommendations"** means the ASX Corporate Governance Principles and Recommendations 2014 amendments (Third Edition);
- (c) **"Board"** means the board of Directors of the Company;
- (d) **"Company"** means APAC Coal Limited ACN 126 296 295;
- (e) **"Corporations Act"** means the *Corporations Act 2001* (Cth);
- (f) **"Director"** means a director of the Company;
- (g) **"Diversity"** has the meaning given in section 3.1;
- (h) **"Diversity Agenda"** means the agenda described in section 3.5(a);
- (i) **"Diversity Commitments"** means the commitments set out in section 3.5; and
- (j) **"Diversity Objectives"** means the objectives set out in section 4.

1.2 Interpretation

Concepts not defined in this policy which are given a meaning in the Corporations Act or the ASX Recommendations have the same meaning as in the Corporations Act or the ASX Recommendations.

**2. Overview**

2.1 Commitment to Diversity

The Company is committed to:

- (a) to the extent practicable, addressing and complying with the ASX Recommendations by establishing measurable objectives for achieving gender diversity;
- (b) promoting Diversity among employees, consultants and senior management throughout the Company; and

- (c) keeping shareholders informed of the Company progress towards implementing and achieving its Diversity objectives.

## 2.2 Purpose

The purpose of this policy is to:

- (a) outline the Company's commitment to creating a corporate culture that embraces Diversity and, in particular, focuses on the composition of its Board and senior management; and
- (b) provide a process for the Board to determine measurable objectives and procedures which the Company will implement and report against to achieve its Diversity goals.

## 3. Diversity

### 3.1 Diversity

Diversity includes, but is not limited to:

- (a) gender;
- (b) age;
- (c) ethnicity; and
- (d) cultural background.

### 3.2 Corporate Culture

The Company aims to create a Corporate culture that:

- (a) embraces Diversity and seeks to encourage and facilitate opportunities for the employment of people from different backgrounds;
- (b) provides skills and career development initiatives; and
- (c) increases workforce participation and create an inclusive environment where all employees feel included and valued.

### 3.3 Benefits of Diversity

The Company acknowledges the known corporate benefits that arise from advancing employee and Board diversity, including:

- (a) identification and rectification of gaps in the skills and experience of employees;
- (b) enhanced employee retention;
- (c) greater innovation and maximisation of available talent to achieve corporate goals; and
- (d) better financial performance.

### 3.4 Diversity and the Company's Corporate Goals

- (a) By focusing on Diversity, the Company aims to promote an environment that is conducive to the appointment of suitably qualified employees, management and Board candidates in order to maximise the corporate goals of the Company.
- (b) The Company recognises that all employees may have domestic responsibilities and, where appropriate, aims to promote and create an environment which is conducive to all employees' domestic responsibilities.

### 3.5 Diversity Commitments

The Company will implement the following Diversity Commitments:

- (a) the Board will review and determine, as frequently as required, a Diversity Agenda that meets the particular needs of the Company, including identifying the skill, experience and expertise requirements set for the Board and senior management necessary to effectively oversee its business and achieve its corporate goals;
- (b) the Board will seek to ensure that the Diversity Agenda is taken into account in the selection and appointment of qualified employees, management and Board candidates and will consider options in order to expand the range of qualified candidates to select from; and
- (c) the Board will seek to identify and consider initiatives that:
  - (i) assist in the development of a range of skilled and experienced Board candidates, in particular women, such as practices relating to career advancement and skills development which prepare employees for management or Board positions;
  - (ii) assist with enhancing employee retention; and
  - (iii) assist with minimising career disruption when employees take time out of the workplace to meet other obligations and/or attempt to re-enter the workforce.

### 3.6 ASX Recommendations

While the focus of the ASX Recommendations is on promoting the role of women within organisations, the Company recognises that other forms of Diversity are important and seeks to promote a range of Diversity initiatives throughout the Company beyond gender diversity.

### 3.7 Implementing Diversity Commitments

The Board seeks to ensure that appropriate measures are introduced and responsibilities are delegated, where appropriate, to ensure that the Company's Diversity Commitments are implemented appropriately.

## **4. Diversity Objectives**

### **4.1 Measurable Objectives**

- (a) The Board will set measurable objectives for achieving Diversity, specifically including gender diversity, in accordance with this policy and the Diversity Agenda set by the Board from time to time and will review the effectiveness and relevance of these measurable objectives on an annual basis.
- (b) The measurable objectives should identify ways and, where applicable, specify benchmarks against which the achievement of Diversity is measured, in order for the Board to assess and report annually on the Company's progress towards achieving its Diversity goals.
- (c) In order to set measurable objectives, the Board will assess its current Diversity levels and identify where gaps exist. Measurable objectives will then be created which will seek to improve Diversity in areas where most development is needed.
- (d) There are various measurable objectives which may be implemented by the Company to assist achieving the Diversity Commitments, including:
  - (i) procedural and structural objectives;
  - (ii) Diversity targets; and
  - (iii) initiatives and programs.

### **4.2 Review and Key Performance Indicators**

- (a) As part of the commitment to achieve and maintain effective Diversity Commitments, the Board will perform reviews, when appropriate, to assess the changes in Diversity throughout the Company.
- (b) The Board will consider the extent to which the achievement of the measurable objectives should be to key performance indicators for the Board and other senior management.

## **5. Annual Disclosure to Shareholders**

### **5.1 Disclosing to Shareholders**

For the purpose of fostering shareholder confidence in the Company, the Company acknowledges that reporting to shareholders on its Diversity Agenda and Diversity Objectives facilitates greater transparency and accountability in relation to Diversity and that such reporting and transparency has been endorsed by the Board.

### **5.2 Contents of Annual Disclosure**

- (a) The Company will disclose the measurable objectives set by the Board for achieving Diversity in accordance with the Diversity Agenda and will report on its progress against those objectives. A copy of these measurable objectives may also be published on the Company's website from time to time.
- (b) A component of the Company's disclosure on Diversity in its annual report should also include information about:

- (i) the proportion of women employees in the Company;
  - (ii) the number of women in management positions; and
  - (iii) the number of women on the Board.
- (c) The Board will determine the most appropriate method to present this information to ensure that it is accurate and does not falsely represent the participation of women and men within the Company.

### 5.3 Board Selection

The Company seeks to achieve greater transparency of the Board selection and nomination process. The Company may include in its annual report the information about the Diversity which the Board is looking to achieve in membership of the Board as set out in the Remuneration and Nomination Committee Charter.

## 6. Miscellaneous

### 6.1 Review of Policy

- (a) External reviews of this policy may be undertaken at the request of the Board.
- (b) A copy of this policy (or a summary of it) will be made available on the Company's website and ASX to the extent necessary.

### 6.2 Endorsement

The Company is committed to this policy and its implementation and to ensuring that Diversity is achieved throughout the Company. This policy is to be adopted by the Board.

### 6.3 No Obligation

No statement in this policy shall be taken, interpreted or construed so as to endorse:

- (a) the sole criteria for selection and/or promotion of the Company's employees, senior management or Board, other than their overall likely prospect of adding value to the Company and assisting with the Company achieving its corporate goals;
- (b) any conduct by any of the Company's employees, senior management members or Board members which is illegal or contrary to any anti-discrimination, equal opportunities or other legislation or law in any Australian State or Territory or any other foreign jurisdiction; and
- (c) any employee, senior management member or Board member feeling prejudiced by this policy in relation to their employment and/or development of his or her employment or otherwise, merely because their personal Diversity attributes may be more, rather than less, common with others' Diversity attributes.