

For the year ended 30 June 2015

Corporate Governance Statement

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The Sedgman Board of Directors is responsible for and committed to maintaining the highest standards of Corporate Governance. The Board has ultimate responsibility for all corporate governance matters and is accountable for Sedgman's overall business performance.

Sedgman's Corporate Governance Charter is available in the Corporate Governance section of the Sedgman website: www.sedgman.com. The policies and practices developed and implemented by the Board are consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd edition, (the Guidelines), except to any extent noted below.

Principle 1 – Lay solid foundations for management and oversight

- 1.1 The Board has established clear delegation of authority between the Board and Management.
- 1.2 Senior executives are subject to a formal performance review process on an annual basis.
- 1.3 The performance of senior executives was assessed during the financial year in accordance with the policy adopted by the Board.

The Sedgman Board has established and disclosed the respective roles and responsibilities of Board and Management.

The Board's primary role is to oversee the management of the Company as well as to provide strategic guidance. The functions reserved to the Board in governing Sedgman are contained in the Board Charter, which is published as part of the Corporate Governance Charter and is available in the Corporate Governance section of the Sedgman website.

The Board has established a Delegated Authorities Matrix which clearly sets out both the delegation of authority from the Board to the senior executives and a system of checks and balances.

The key functions and responsibilities of the Board include:

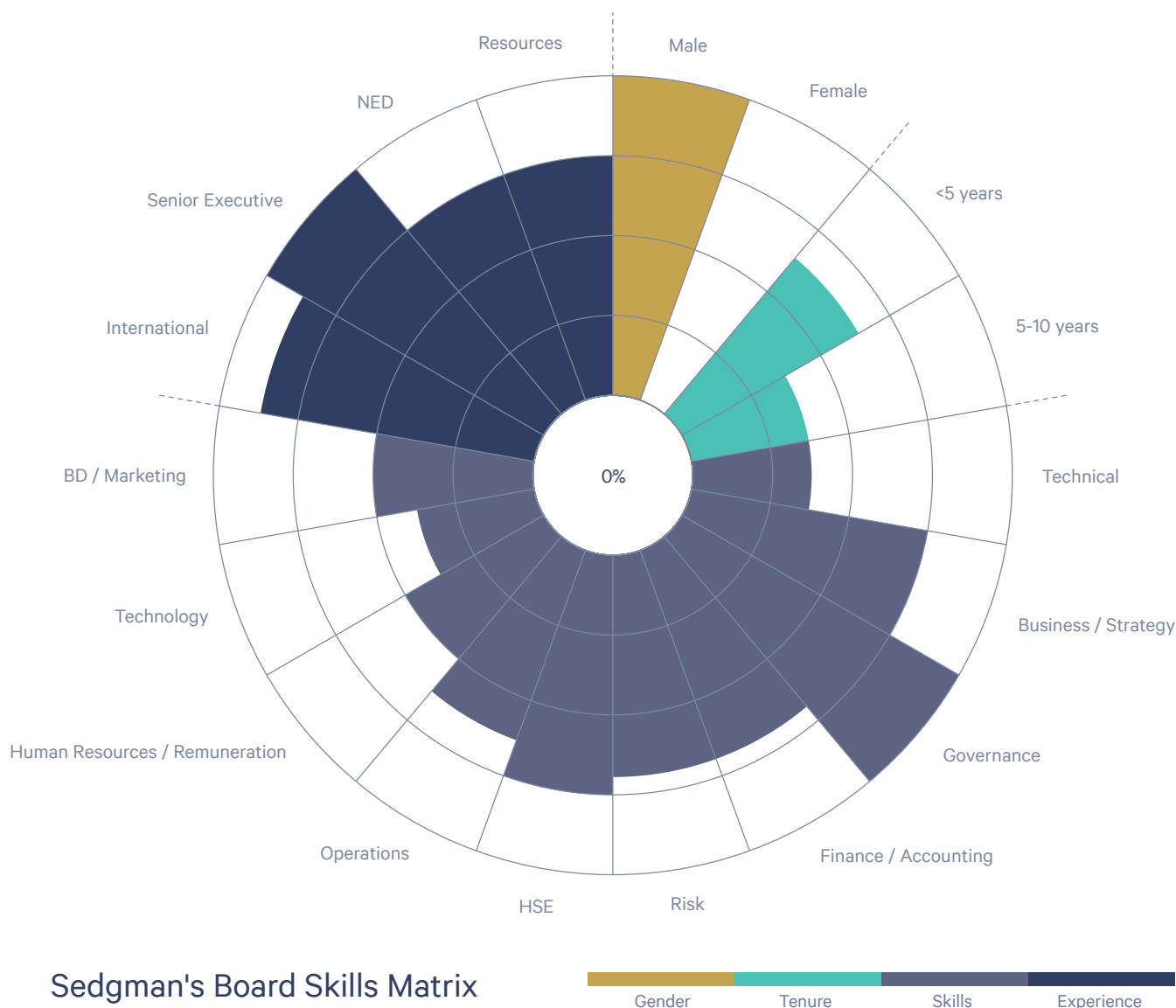
- Overseeing the Company, including its control and accountability systems
- Charting strategy and setting financial targets for the Company

- Providing input into and final approval of Management's development of corporate strategy and performance objectives
- Appointing, monitoring and removing (where appropriate) the Chief Executive Officer (CEO) I Managing Director, and senior executives
- Reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures
- Approving and monitoring financial and other reporting
- Non-Executive and Independent Directors receive formal letters of appointment setting out the key terms, conditions and expectations of their engagement.

The responsibilities delegated by the Board to the senior executives include:

- Managing day-to-day operations in accordance with the standards for social and ethical practices which have been set by the Board
- Managing the financial affairs of the Company in accordance with the delegations of authority and budgets approved by the Board
- Developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives.

Senior executives receive formal letters of appointment as well as position descriptions detailing the key terms, conditions and expectations of their engagement. Each member of the Executive group is subject to an annual performance review which is conducted by the CEO I Managing Director. Each review took place in FY 2015 in accordance with the process approved by the Board.



Sedgman's Board Skills Matrix



Principle 2 – Structure the Board to add value

- 2.1** A majority of the Sedgman Board are Independent Directors.
- 2.2** During FY 2015 the Chair was an Independent Director, following Mr Russell Kempnich standing down from his role as Non-Executive Chairman at the 2014 Annual General Meeting.
- 2.3** The roles of Chair and Chief Executive Officer are exercised by different individuals.
- 2.4** The Board has established a Remuneration and Nominations Committee, which consists of a majority of Independent Directors and has three members.
- 2.5** The process for evaluating the Board, its committees and individual Directors is disclosed below.

The Sedgman Board has effective composition, size and commitment to adequately discharge its responsibilities and duties and act in accordance with the Guidelines.

The Board was comprised of eight Directors during FY 2015, all of whom have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of the Company and the mining and engineering sectors.

Information in relation to each Director and their dates of appointment can be found from page 28 onwards in the Directors' report in the Sedgman Limited Annual Report 2015.

One third of the Directors (excluding the CEO I Managing Director) are required to retire from office each year.

Retiring Directors may be re-elected. For more information on the appointment and retirement of Directors, refer to item 1.7 of the Board Charter available in the Corporate Governance section of the Sedgman website.

Only the CEO I Managing Director is an Executive Director. This position was held by Peter Watson. The remaining Directors are Non-Executive Directors, of whom Robert McDonald, Donald Argent, Peter Richards, Philippe Etienne and Bart Vogel are independent.

Russell Kempnich and Antony Jacobs are Non-Executive Directors but are not Independent within the meaning of the Guidelines. Antony Jacobs was nominated by Sedgman's major shareholder, Cimic Group Investments. However, they have extensive experience and knowledge of the industries in which Sedgman operates and Sedgman does not believe that their decision-making is compromised.

The Board believes that each Director acts in good faith and in the best interests of shareholders at all times. Enforcement of conflict-of-interest protocols whereby Directors who have a material personal interest in a matter are not permitted to be present during discussions or to vote on a matter further ensures this. Additionally, the Non-Executive Directors have extensive experience and knowledge of the industries in which Sedgman operates, which offers considerable value.

The Chairman is an independent Director and the roles of Chief Executive Officer and Chairman are exercised by separate persons.

All Directors may, at Sedgman's expense, obtain independent advice concerning any aspect of Sedgman's operations. Sedgman has procedures in place to enable Directors to obtain independent advice, including a requirement, in certain circumstances, for Directors to obtain Chairman approval.

The Board recognises that having a range of skills, knowledge and experience represented among its Directors is essential for good governance and astute decision making. The Sedgman Board Skills Matrix on page 3 identifies the current skills, knowledge and experience represented on the Board.

The Remuneration and Nominations Committee (the Committee) ensures that the Board is comprised of individuals who are best able to discharge their duties as Directors and add value to Sedgman, and that senior executives are remunerated in a manner that attracts, retains and rewards performance and increases shareholder returns. The Committee's Charter is published as part of the Corporate Governance Charter and is available in the Corporate Governance section of the Sedgman website.

The process for evaluating the performance of the Board, its committees and individual Directors is disclosed in the Board Charter. A performance evaluation for Key Management Personnel took place in FY 2015 and was in accordance with the process disclosed. The Committee met on four occasions during the previous financial year. Details of Committee meeting attendance are included on page 36 of the Sedgman Limited Annual Report 2015.

Mr Roger Short, the previous Chairman of the Committee, retired from the Sedgman Board at the 2014 Annual General Meeting.

Members of the Committee are:

- Russell Kempnich, Non-Executive Director, Acting Chair
- Robert McDonald, Independent Director
- Philippe Etienne, Independent Director.

While the Corporate Governance Charter requires the Chairman of the Committee to be independent and not Chair of the Board, following the retirement of Roger Short, and the appointment of Robert McDonald to the role of Chairman of the Board, it was decided that Russell Kempnich was the most appropriate person to fulfil this role until such time as an appropriate independent director could be appointed.

Principle 3 – Promote ethical and responsible decision-making

- 3.1** Sedgman's Code of Ethics and Values guides Directors and executives in the performance of their duties.
- 3.2** Sedgman's Board is committed to an inclusive workplace that embraces and promotes diversity. Sedgman's Diversity Policy is available on the Sedgman website.
- 3.3** The Board has adopted measurable objectives for achieving gender diversity.
- 3.4** The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board is disclosed below.

The Code of Ethics and Values (as part of the Corporate Governance Charter) guides Directors and executives in the performance of their duties. All Directors, executives and employees are expected to act with integrity at all times and to uphold the Company's reputation and to enhance performance. Employees are required to acknowledge their personal commitment to the Sedgman Code of Conduct that outlines the values, policies and standards they must uphold.

The Board has also adopted a Code of Conduct for Transactions in Securities. The purpose of this code is to define the circumstances and periods in which Directors, executives and specified employees are permitted to deal in securities so as to minimise the risk of securities being traded when those persons are in possession of price-sensitive information that is not in the public domain.

These periods are the four weeks following the announcement of half year and full year results and the four weeks following the Annual General Meeting. Trading in these periods is subject to those persons not being in possession of price-sensitive information.

These codes have been designed to ensure the highest ethical and professional standards as well as compliance with applicable statutory obligations. The Code of Ethics and Values and the Code of Conduct for Transactions in Securities are published as part of the Corporate Governance Charter and are available in the Corporate Governance section of the Sedgman website.

Sedgman's Diversity Policy is available in the Corporate Governance section of the Sedgman website. The Board and Management recognise the importance of gender diversity and diversity across characteristics such as education, experience, language, ethnicity, disability, sexual orientation and age.

Sedgman's objective is to maintain or improve the participation of women within all levels of the organisation. The percentage of women in the entire organisation decreased slightly from 19% in FY 2014 to 18% in FY 2015.

The proportion of female employees within the Company as at 30 June 2015 is detailed below:

	No. Employees	% Employees
Board	0	0%
Senior Management	1	14%
Organisation	109	18%

Sedgman has established the following measurable objectives to enhance gender diversity:

Measure	Objective
Women employees	To increase the proportion of women employees to 20% by 2020
Women senior executives	To increase the proportion of women senior executives to 28% by 2020
Women non-executive directors	To increase the proportion of women non-executive directors to 14% by 2020

Principle 4 – Safeguard integrity in financial reporting

- 4.1 The Board has an Audit and Risk Management Committee.
- 4.2 The Committee consists of a majority of Independent Directors, is chaired by an Independent Director and has three members.
- 4.3 The Committee's Charter is contained in the Corporate Governance Charter and can be viewed on the Sedgman website.

Each reporting period the CEO I Managing Director and the Chief Financial Officer state in writing to the Board that Sedgman's financial reports present a true and fair view of the Company's financial position and are in accordance with relevant accounting standards.

The Audit and Risk Management Committee makes recommendations to the Board on the adequacy of the external audit, risk management and compliance procedures. The Committee is responsible for approving the annual internal audit program and reviewing the outcomes from assignments. The Committee has its own charter that is published as part of the Corporate Governance Charter and is available in the Corporate Governance section of the Sedgman website.

The Audit and Risk Management Committee met on four occasions during the previous financial year. Details of Committee meeting attendance are included on page 36 of the Directors' report in the Sedgman Limited Annual Report 2015.

During FY 2015 the Committee members were:

- Peter Richards, Chairman, Independent Director
- Donald Argent, Independent Director
- Antony Jacobs, Non-Executive Director.

Principle 5 – Make timely and balanced disclosure

- 5.1 The Board has adopted a Continuous Disclosure Policy that is available on the Sedgman website.

The Company has established policies and procedures to enable accurate, timely, clear and adequate disclosure to the market in compliance with the ASX Listing Rules.

The Company's Continuous Disclosure Policy is available in the Corporate Governance section of the Sedgman website.

Continuous disclosure is a permanent item on the agenda for Board meetings. The Directors have entered into agreements with the Company to inform it of any trading undertaken by them in the Company's securities or any other relevant information.

The Company Secretary has been appointed as the person responsible for communication with the ASX in relation to listing-rule matters.

Principle 6 – Respect the rights of shareholders

- 6.1 The Board has adopted a Shareholder Communication Policy that is available on the Sedgman website.

The Board recognises the importance of factual, timely, clear and objective communication with shareholders and is committed to keeping shareholders informed of the Company's performance and major developments.

The Shareholder Communications Policy is available in the Corporate Governance section of the Sedgman website.

Annual reports, presentations and other correspondence are contained in the "News & Investors" section of the Sedgman website.

Shareholders and interested parties may register to receive all documents and announcements electronically.

Shareholders are encouraged to attend and participate at general meetings. Sedgman's auditor attends the Annual General Meeting and is available to answer shareholders' questions in relation to the audit.

Enquiries from shareholders and analysts for investor relations information are responded to in a timely and transparent manner, provided the information is already publicly available and is not price sensitive.

Principle 7 – Recognise and manage risk

- 7.1 The Board has an Audit and Risk Management Committee which has implemented an enterprise risk management framework.
- 7.2 The Board receives representations from management as to the effectiveness of Sedgman's management of its material business risks.
- 7.3 The Board has received assurance from the CEO I Managing Director and Chief Financial Officer, that the declaration provided in accordance with s 295A of the *Corporations Act 2001* (Cth) is founded on a system of risk management and internal control and that the system is operating effectively.

The Board, together with Management, has sought to identify, monitor and mitigate risk. Management has designed, and the Company has implemented, an enterprise risk management framework based on ISO 31000 to ensure that it only takes on business which provides an acceptable risk-reward profile and does not expose the Company to unacceptable commercial risk.

A summary of Sedgman's risk management framework for the oversight and management of material business risks can be reviewed in the Corporate Governance Charter available in the Corporate Governance section of the Sedgman website. Internal controls are monitored by Management on a regular basis and improved if necessary. Management has reported to the Board as to the effectiveness of Sedgman's management of its material business risks.

Sedgman does not consider that it has a material exposure to sustainability risks. Further information on business risks relating to Sedgman and mitigation strategies can be found in the Directors Report from page 30 of the Sedgman Limited Annual Report 2015.

The Board requires and has received assurance from the CEO I Managing Director and Chief Financial Officer, that the declaration provided in accordance with s 295A of the *Corporations Act 2001* (Cth) is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

In addition to regular reviews by the Company, the Audit and Risk Management Committee reviews the effectiveness of the risk management system.

Principle 8 – Remunerate fairly and responsibly

- 8.1 The Board has established a Remuneration and Nominations Committee (the Committee).
- 8.2 The Committee consists of a majority of Independent Directors and has three members.

8.3 The structure of Non-Executive Directors' remuneration is distinguished from that of Executive Directors and senior executives.

The Company's policy in relation to remuneration is to ensure that remuneration packages properly reflect the person's duties and responsibilities, and that the remuneration is competitive to attract, retain and motivate people of the highest quality and reward performance.

In performing its remuneration function, the Committee advises on remuneration policy in respect of the Non-Executive and Executive Directors as well as senior executives to ensure conformance with market best practice and alignment with shareholder interests. The Committee's Charter is published as part of the Corporate Governance Charter and is available in the Corporate Governance section of the Sedgman website.

The Board believes that an appropriate equity incentive scheme assists in attracting and retaining executives, motivates to improve performance and aligns their interests with those of the Group and its shareholders.

Sedgman clearly distinguishes the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives by Non-Executive Directors being ineligible to participate in either Sedgman's Short Term Incentive Plan or Long Term Incentive Share Plan.

Remuneration of Directors and executives is fully disclosed in the Sedgman Limited Annual Report 2015 and any changes with respect to key executives are announced in accordance with continuous disclosure requirements.