

## Appendix 4G

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

Name of entity:

Capral Limited

ABN / ARBN:

78 004 213 692

Financial year ended:

31 December 2018

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

☐ These pages of our annual report:

☒ This URL on our website: <http://www.capral.com.au>

The Corporate Governance Statement is accurate and up to date as at 5 March 2019 and has been approved by the board.

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

Date: 5 March 2019

Name of Secretary authorising lodgement: Richard Rolfe

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

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

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

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

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at <a href="http://www.capral.com.au/Corporate/Investors/CorporateGovernance">www.capral.com.au/ Corporate/ Investors/ Corporate Governance</a>	
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.capral.com.au/Corporate/Investors/CorporateGovernance">www.capral.com.au/ Corporate/ Investors/ Corporate Governance</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.capral.com.au/Corporate/Investors/CorporateGovernance">www.capral.com.au/ Corporate/ Investors/ Corporate Governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> at <a href="http://www.capral.com.au/Corporate/Investors/AnnualReports">www.capral.com.au/ Corporate/ Investors/ Annual Reports</a></p>	
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p>N/A</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.capral.com.au/Corporate/Directors">www.capral.com.au/ Corporate/ Directors</a></p>	
2.4	A majority of the board of a listed entity should be independent directors.	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>and</b> <input checked="" type="checkbox"/> at <a href="http://www.capral.com.au/Corporate/Investors/CorporateGovernance">www.capral.com.au/ Corporate/ Investors/ Corporate Governance</a>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	[If the entity complies with paragraph (a):] ... the fact that we have an audit committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at <a href="http://www.capral.com.au/Corporate/Investors/CorporateGovernance">www.capral.com.au/ Corporate/ Investors/ Corporate Governance</a> ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> at <a href="http://www.capral.com.au/Corporate/Investors/AnnualReports">www.capral.com.au/ Corporate/ Investors/ Annual Reports</a>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>and</b> <input checked="" type="checkbox"/> at <a href="http://www.capral.com.au/Corporate/Investors/CorporateGovernance">www.capral.com.au/ Corporate/ Investors/ Corporate Governance</a>	
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="http://www.capral.com.au/Corporate/Who we are">www.capral.com.au/ Corporate/ Who we are</a>	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>and</b> <input checked="" type="checkbox"/> at <a href="http://www.capral.com.au/Corporate/Investors/CorporateGovernance/Shareholder Communications Policy">www.capral.com.au/ Corporate/ Investors/ Corporate Governance/ Shareholder Communications Policy</a>	
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>	

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	[If the entity complies with paragraph (a):] ... the fact that we have a remuneration committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at <a href="http://www.capral.com.au/Corporate/Investors/CorporateGovernance">www.capral.com.au/ Corporate/ Investors/ Corporate Governance</a> ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> at <a href="http://www.capral.com.au/Corporate/Investors/AnnualReports">www.capral.com.au/ Corporate/ Investors/ Annual Reports</a>	
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives: <input checked="" type="checkbox"/> in our Corporate Governance Statement	
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	... our policy on this issue or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement	



## Corporate Governance Statement

The Board is responsible for the overall corporate governance of Capral Limited (ABN 78 004 213 692) and its subsidiaries (referred to in this statement as **Capral**), including setting Capral's strategic direction, policies and practices, establishing goals for management and monitoring the achievement of those goals.

Capral is committed to implementing the highest possible standards of corporate governance and ensures wherever possible, that its practices are consistent with the Australian Securities Exchange (**ASX**) *Corporate Governance Council's Principles and Recommendations (Recommendations)*. This statement outlines the ways in which Capral has met or departed from the Third Edition of the Recommendations for the period ended 31 December 2018.

	Governance	Recommendation
<b>1.</b>	<b>Lay Solid Foundations for Management and Oversight</b>	
1.1	<u>Board and Management Roles</u>	
(a)	The Board's key responsibility is the creation, enhancement and protection of long-term shareholder value within an appropriate risk framework. The Board has adopted a formal charter that sets out the responsibilities of the Board and Management and is available on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Corporate Governance). The Charter is reviewed and amended from time to time, the last review occurred in August 2018.	1.1
(b)	Management's role is to manage Capral in accordance with the direction and delegations of the Board and it is the Board's responsibility to oversee the activities of management in carrying out these delegated duties.	1.1
(c)	Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a director of Capral and accordingly, any director candidate is required to confirm that they have sufficient time to devote to their Board position prior to appointment.	1.2
(d)	Non-executive directors receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment.	1.3
(e)	Capral undertakes appropriate checks before each director appointment.	1.2
1.2	<u>Evaluation of senior executives</u>	
(a)	The Managing Director and other senior executives are provided with a formal job description and executive contract or letter of appointment describing to whom they report, their position, duties, responsibilities and termination circumstances and entitlements. Details of Capral's executive management are available on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Executive Management Team).	1.3, 6.1
(b)	Senior executives are subject to a formal performance planning and review process on at least an annual basis, with performance being measured against qualitative and quantitative key performance indicators linked to applicable short term and long term incentive components of each senior executive's remuneration package. The last annual review process occurred in February 2019.	1.7
(c)	The senior executives are appraised of Capral's financial position, its strategies, operations and risk management framework and of the respective roles of the Board and Management.	1.1
1.3	<u>Company Secretary</u>	
	The Company Secretary is appointed by the Board and reports to the Managing Director. The Company Secretary is also responsible to the Board through the Chairman on all matters concerned with governance	1.4

	<p>matters and the proper functioning of the Board and its Committees. Details of the Company Secretary are set out in Capral's Annual Report.</p>	
<b>2.</b>	<b>Structure the Board to add value</b>	
2.1	<u>The Directors</u>	
(a)	As at the date of this statement, the Board consists of 5 directors: the non-executive Chairman, the Managing Director and 3 other non-executive directors.	2.3
(b)	Details of the directors, their term of office and their qualifications, skills and experience are detailed on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate / Directors).	2.2, 2.3, 6.1
2.2	<u>Independence of Directors</u>	
(a)	<p>The Board considers independent decision-making to be critical to effective governance. Independent directors are those who have the ability to exercise their duties unfettered by any interest, position, association or relationship that might influence or reasonably be perceived to influence in a material respect his or her capacity to bring an independent judgment to bear on issues before the board and to act in the best interests of the company and its security holders generally. The factors taken into account by the Board when assessing and determining the independence of a non-executive director of Capral include:</p> <p>(1) The approach and attitude of the non-executive director; and</p> <p>(2) The following examples in the Recommendations of interests, positions, associations and relationships that might cause doubts about the independence of a director:</p>	2.3
(i)	is a substantial shareholder of Capral or an officer of, or otherwise associated directly with a substantial shareholder of, Capral;	
(ii)	is, or has previously been, within the last 3 years, employed in an executive capacity by Capral or another group member, and there has not been a period of at least 3 years between ceasing such employment and serving on the board;	
(iii)	is, and has been, within the last 3 years, a principal or employee of a provider of material professional services to Capral or another group member;	
(iv)	is a material supplier or customer of Capral or other group member, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;	
(v)	has a material contractual relationship with Capral or another group member other than as a director of Capral;	
(vi)	has close family ties with any person who falls within the categories described above;	
(vii)	has been a director of Capral for such a period that independence may have been compromised.	
(b)	<p>A majority of the Board, four of the five Board members, are considered by the Board to be independent. The Directors considered by the Board to be independent during 2018 were Mr Wood-Ward, Mr Pettigrew, Mr Blair and Mr Jobe.</p> <p>The Board also notes that in respect of Mr Blair, the Board took into account Mr Blair's more than 10 year tenure on the Board and considered the nature of Mr Blair's relationship with management in arriving at its decision that it is appropriate to characterise Mr Blair as independent. All current directors bring independent judgement to bear in Board deliberations and meetings of the independent directors are held as</p>	2.3, 2.4

	required.									
2.3	<p><u>Chair of the Board</u></p> <p>The Chairman, Mr Wood-Ward, is an independent non-executive director and there is a clear division of responsibility between the Chairman and the Managing Director.</p>	2.5								
2.4	<p><u>Appointment of Directors</u></p> <p>(a) The composition of the Board is balanced, with directors possessing a broad range of skills, experience, expertise, diversity, qualifications and contacts relevant to Capral's business. The Board (through the Remuneration &amp; Nomination Committee) considers the range of expertise of its members and the operational and technical expertise required to ensure Board effectiveness on an annual basis and as and when necessary during the course of the year. The Board recognises that it must be able to consider current and emerging business issues and challenge the performance of management. Further details of the procedure for the selection and appointment of new directors is set out in the Remuneration &amp; Nomination Committee and Board Charters which are available on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Corporate Governance).</p> <p>(b) The Remuneration &amp; Nomination Committee last reviewed the Board Skills Matrix during November 2018 having regard to its current composition and succession for various competencies and experience and summarised below are the key skills and experience collectively contributed to by the Board. The Board is satisfied that its present composition is appropriate for Capral's current circumstances:</p> <table><tr><th colspan="2">No. of directors with Skill/experience that skill/experience</th></tr><tr><td>5</td><td>General Management Finance/Accounting Marketing / Sales HR/Industrial Relations IT Systems Manufacturing Strategic Planning Project Management Building Industry Mergers / Acquisitions Investor Relations Organizational Culture/ Structure Regulatory Environment Other Listed Company Director Experience Audit &amp; Risk Committees Remuneration Committee OH&amp;S Logistics, Warehousing, Distribution</td></tr><tr><td>4</td><td>Industry Relationships  Networking (Australia)  Legal</td></tr><tr><td>2</td><td>Disaster recovery</td></tr></table> <p>(c) With the exception of the Managing Director:</p>	No. of directors with Skill/experience that skill/experience		5	General Management Finance/Accounting Marketing / Sales HR/Industrial Relations IT Systems Manufacturing Strategic Planning Project Management Building Industry Mergers / Acquisitions Investor Relations Organizational Culture/ Structure Regulatory Environment Other Listed Company Director Experience Audit & Risk Committees Remuneration Committee OH&S Logistics, Warehousing, Distribution	4	Industry Relationships  Networking (Australia)  Legal	2	Disaster recovery	<p>2.2</p> <p>2.2</p> <p>2.1</p>
No. of directors with Skill/experience that skill/experience										
5	General Management Finance/Accounting Marketing / Sales HR/Industrial Relations IT Systems Manufacturing Strategic Planning Project Management Building Industry Mergers / Acquisitions Investor Relations Organizational Culture/ Structure Regulatory Environment Other Listed Company Director Experience Audit & Risk Committees Remuneration Committee OH&S Logistics, Warehousing, Distribution									
4	Industry Relationships  Networking (Australia)  Legal									
2	Disaster recovery									

<p>(1)</p> <p>(2)</p> <p>(d)</p>	<p>directors appointed by the Board are required by Capral's constitution to submit themselves for re-election by shareholders at the Annual General Meeting following their appointment; and</p> <p>no director will hold office for a continuous period in excess of 3 years or past the third Annual General Meeting following the director's appointment, whichever is the longer, without submitting for re-election.</p> <p>Refer to Capral's Notices of Annual General Meeting (available on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Company Announcements) in this regard.</p> <p>The Notice of Annual General Meeting includes information relevant to shareholders to vote on a director's election or re-election as well as a recommendation from the rest of the Board.</p>	<p>1.2</p>
<p>2.5</p> <p>(a)</p> <p>(b)</p> <p>(c)</p> <p>(d)</p>	<p><u>Remuneration &amp; Nomination Committee</u></p> <p>The Board has established a Remuneration &amp; Nomination Committee that is primarily responsible for determining remuneration and monitoring and reviewing the performance of the Board, Board Committees, individual directors and senior management. The Committee is responsible for assessing the necessary desirable competencies of Board members, reviewing Board succession plans and providing recommendations for the appointment and removal of directors. Recommendations of the Committee are given to the Board for their consideration and approval.</p> <p>The Committee Charter is reviewed regularly (last reviewed and approved in August 2018) and is available on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Corporate Governance).</p> <p>Given the number of directors, the Committee comprises all of the independent, non-executive directors. It consists of 4 members. The Committee is chaired by Mr Pettigrew.</p> <p>Details of Committee members, their Committee meeting attendance and their qualifications are set out in the 2018 Annual Report available on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Annual Reports).</p>	<p>2.1, 8.1</p> <p>2.1, 8.1</p> <p>2.1, 8.1</p> <p>2.1, 8.1</p>
<p>2.6</p> <p>(a)</p> <p>(b)</p> <p>(c)</p>	<p><u>Induction and Access to Information</u></p> <p>Newly appointed non-executive directors will be given sufficient knowledge, via an induction program, to ensure that they have a sound working understanding of Capral and the aluminium industry. This includes meetings with key executives, tour of key operating site(s) (to the extent practicable), the provision of an induction package containing key corporate information and management presentations. In order to achieve continuing improvement in Board performance, directors are encouraged to undergo continual professional development. Directors receive briefings and information from time to time on relevant developments, including to accounting standards, legal and governance.</p> <p>The directors have access to relevant information. Directors may meet with, or independent of, management at any time to discuss any areas of interest or concern. Each director is entitled to seek independent professional advice to assist them to carry out their responsibilities, at Capral's expense, after approval of the Chairman is obtained. Where appropriate, a copy of this advice is to be made available to other members of the Board.</p> <p>The Board participates in an annual performance assessment, with the outcomes addressed, as appropriate. The last assessment was concluded in December 2018. The assessment consists of the Board's role, composition, meeting conduct, interaction with management, processes to monitor business performance, compliance and risk.</p>	<p>2.6</p> <p>2.6</p> <p>1.6</p>

<b>3.</b>	<b>Promote Ethical and Responsible Decision-Making</b>	
3.1	<u>Code of Conduct</u>	
(a)	The Board acknowledges the need for, and continued maintenance of, the highest standard of ethics, and seeks to ensure that all directors, senior management and employees of Capral act honestly, transparently, diligently and with integrity.	3.1
(b)	Capral has implemented a Code of Conduct which is intended to promote ethical and responsible decision-making in all stakeholder relationships in order to maintain confidence in Capral's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The Board, senior management and other employees of Capral are committed to implementing this Code of Conduct and each individual is accountable for such compliance.	3.1
(c)	Capral has established a Complaints (Whistleblower) Policy which outlines the process for an employee or contractor of Capral who wishes to report certain conduct. This complaints process can be anonymous and provides protection against action that may be taken in reprisal for disclosing such conduct. This Policy was last reviewed and approved in August 2018 and is available on Capral's intranet.	3.1
(d)	A copy of the Code of Conduct is given to employees, contractors and relevant personnel. The Code of Conduct was last reviewed and approved in December 2017 and is available on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Corporate Governance).	3.1
3.2	<u>Diversity</u>	
(a)	Capral has adopted a Diversity Policy, a copy of which is available on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Corporate Governance). Capral respects the benefits arising from workplace diversity to broaden perspective, improve performance and increase shareholder value. Capral aims to promote an environment conducive to the appointment of diverse well qualified employees, senior managers and directors to maximise the achievement of Capral's corporate goals.	1.5
(b)	Capral has recruited women in non-traditional roles in its operations and ensures that its employees have access to flexible work arrangements (including part-time and job sharing) where appropriate.	1.5
(c)	Capral submitted a workplace program report for the period 1 April 2017 to 31 March 2018, and achieved compliance with the <i>Workplace Gender Equality Act 2012</i> . The report is available through the WGEA website.	1.5
(d)	Around 15% of Capral's workforce are women and around 17% of senior management positions (2 down from the Managing Director) are held by women. Capral does not have any women on its Board. The Board has considered setting measurable objectives including concerning pay levels, training, recruitment, leadership programs, succession planning and retention, however given Capral's size and particular industry circumstances, this has not been completed yet. The Board will continue to monitor, including for Board vacancies.	1.5
<b>4.</b>	<b>Safeguard Integrity in Financial Reporting</b>	
4.1	<u>Establishment of Audit &amp; Risk Committee</u>	
(a)	The Board has established an Audit and Risk Committee that is primarily responsible for determining, monitoring and reviewing the reliability and integrity of Capral's financial information for inclusion in its financial statements; the effectiveness of internal financial controls; the independence, objectivity and competency of the external auditors; and Capral's policies on risk oversight and management.	4.1

(b)	The Audit and Risk Committee meets at least twice a year.	4.1
4.2	<b>Structure</b>	
(a)	Given the number of directors, the Committee comprises all of the independent, non-executive directors. The Committee is chaired by Mr Blair.	4.1
(b)	Details of Committee members, their Committee meeting attendance and their qualifications and financial expertise are set out in the 2018 Annual Report available on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Annual Reports). It includes members who are all financially literate, and members with relevant financial experience and/or relevant industry experience.	4.1
(c)	The Committee's Charter is available on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Corporate Governance). The Charter is reviewed regularly; last reviewed in August 2018.	4.1
(d)	The external auditor and management attend meetings of the Audit and Risk Committee by invitation.	4.1
4.3	<b>External auditor</b> <p>The Audit and Risk Committee is responsible for reviewing the nomination, performance and independence of the external auditors. The external auditor must be able to demonstrate complete independence from Capral and an ability to maintain independence throughout their engagement in that role. The external auditor must have arrangements in place for the rotation of the audit engagement partner on a regular basis. The last rotation occurred during 2017.</p> <p>At the time of the half-year and full-year audits of Capral's financial statements, the external auditor formally presents to the Audit and Risk Committee a declaration confirming their independence.</p>	4.1
5.	<b>Make Timely and Balanced Disclosure</b>	
5.1	Capral has an established process to ensure that it complies with the ASX Listing Rules' disclosure requirements applicable to Capral and this process is reflected in Capral's Continuous Disclosure Policy. This Policy was last reviewed and approved in August 2018 and a copy of it is available on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Corporate Governance). This process includes a bi-annual confirmation by senior management that the area(s) for which they are responsible has complied with the Policy.	5.1
5.2	To enhance clarity and balance of reporting and to enable investors to make an informed assessment of Capral's performance, financial results are accompanied by commentary.	5.1
6.	<b>Respect the Rights of Shareholders</b>	
6.1	Capral has a Shareholder Communications Policy that promotes effective communication with shareholders, including beneficial holders, and outlines Capral's investor relations activities, a copy of which is available on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Corporate Governance). This Policy was last reviewed and approved in August 2017.	6.1, 6.2, 6.3
6.2	Shareholders can access information about Capral and its governance, share price, ASX announcements (including media releases and materials presented at significant investor briefings), constitution, Charters and governance materials, via Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Who we are and Corporate/ Investors).	6.1, 6.4

6.3	The Annual Report, half-year report and the Annual General Meeting are all important communication forums. Capral invites questions from shareholders and these are answered within the confines of information that is already in the public domain and is not market sensitive. Shareholders can access these documents via Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors). A key events calendar is published on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Financial Calendar). The external auditor attends the Annual General Meeting and can respond to relevant shareholder questions.	4.3, 6.1, 6.3, 6.4
6.4	Capral makes available on its website a telephone number and email address for shareholders to make enquiries, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Shareholder Information/ Share Registry). Capral also gives shareholders the option to receive electronic communications from Capral and its share register.	6.1, 6.4
6.5	Capral keeps a summary record for internal use of the issues discussed at investor/ analyst briefings.	6.2
<b>7.</b>	<b>Recognise and Manage Risk</b>	
7.1	<u>Risk Management Policies</u>	
(a)	The Board recognises that there are strategic, operational and financial risks in Capral's business and has established a sound system of risk oversight and management and internal control to identify, assess, monitor and manage risk.	7.1
(b)	Capral does not have a separate risk committee; this function is performed by the Board and Audit and Risk Committee. Capral's Board and Audit and Risk Committee Charters outline specific responsibilities regarding risk. Capral also has a Board approved Risk Management Policy that assists Capral in identifying and managing risk in accordance with best practice. The Charters and Risk Management Policy are published on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Corporate Governance). The Risk Management Policy was last reviewed and approved in August 2018.	7.1, 7.2
7.2	<u>Risk Reporting</u>	
(a)	Management is responsible for designing and implementing the risk management framework. Management identifies and reviews the key risks impacting each area of the business and develops strategies to effectively mitigate these risks. Management reports to the Board and Audit and Risk Committee on the effectiveness of Capral's management of its material business risks.	7.1
(b)	The Audit and Risk Committee is responsible for risk oversight, risk management and internal control. Details of the Committee members, their Committee meeting attendance and Charter are outlined in section 4 above. The Audit and Risk Committee completes a review of the risk management framework, at least on a bi-annual basis and this occurred during 2018.	7.1, 7.2
(c)	Given Capral's size, there is currently no designated Internal Audit resource. The function, which is undertaken by senior management, assists with regard to business risk management, and provides regular reports to the Audit and Risk Committee. The Risk Management Policy discloses the processes employed for evaluating and improving the effectiveness of risk management and internal control.	7.3
(d)	Details of the key risks that may adversely affect Capral's future prospects are contained in the Managing Director's operating and financial review section of the Annual Report published on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Annual Reports).	7.1

7.3	<u>Sustainability</u>	
(a)	The Board and its Committees and Management seek to manage and respond to its operating environment, including exposure to economic, environmental and social sustainability risks.	7.4
(b)	Capral's Sustainability Report contained in the 2018 Annual Report addresses the environmental and social sustainability, and some of the economic sustainability, issues.	7.4
(c)	Information concerning Capral's ability to continue operating its businesses economically is also contained in the Managing Director's operating and financial review section of the 2018 Annual Report. The Annual Report is published on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Annual Reports).	7.4
7.4	<u>Managing Director and Chief Financial Officer Declaration</u> When the Board approves the half and full-year results, the Managing Director and Chief Financial Officer declare to the Audit and Risk Committee and the Board that, in their opinion:	4.2
(a)	the statement given in accordance with section 295A of the <i>Corporations Act 2001</i> is formed on the basis of a sound system of risk management and internal control; and	
(b)	Capral's risk management and internal control system is operating effectively in all material respects.	
<b>8.</b>	<b>Remunerate Fairly and Responsibly</b>	
8.1	The Board has established a Remuneration & Nomination Committee to establish and review remuneration levels for the Managing Director and executive team members and incentive policies for all employees. Details of the Committee members, their Committee meeting attendance and Charter are outlined in section 2.5 above. As described in section 2.5 above, the Remuneration & Nomination Committee operates in accordance with its Charter and reviews executive remuneration and performance related matters, with reference to Capral's performance, executive performance, comparable available benchmarking information and independent advice, as appropriate.	8.1
8.2	The remuneration policies and practices of Capral are designed to remunerate fairly and responsibly, to attract qualified and experienced candidates and to retain and motivate senior management and employees. Details of Capral's remuneration policies and practices are set out in the Remuneration Report that is published on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Annual Reports).	8.2
8.3	The award of bonuses and other incentives are reviewed at least annually by the Committee and recommendations are put to the Board for its approval. Bonuses and incentives are linked to performance criteria. The Board can exercise its discretion in relation to approving bonuses and incentives but, changes are justified by reference to measurable performance criteria.	8.2
8.4	Remuneration for senior management is divided into three parts:	8.2
(a)	a fixed remuneration which is made up of base salary plus superannuation;	
(b)	short term incentives, directly earned upon the successful achievement of specific financial and non-financial measures. Incentives are based on performance criteria which are set and reviewed by the Committee at least annually; and	



(c)	long term incentives for selected senior managers, that vest upon the successful achievement of performance conditions which are determined by the Committee.	
8.5	Details of the key management personnel employment contracts are set out in the Remuneration Report that is published on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Annual Reports).	8.2
8.6	Non-executive directors are entitled to receive fees (from a pool of funds, the limit of which is approved by shareholders in general meeting). There is no performance based remuneration for non-executive directors. There are no schemes for retirement benefits, other than statutory superannuation, for non-executive directors.	8.2
8.7	Under Capral's Securities Trading Policy, Capral's personnel are not permitted to enter into transactions with securities (or derivatives thereof) which limit the economic risk of unvested entitlements awarded under a Capral equity-based remuneration scheme. This Policy was last reviewed in August 2018 and is published on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Corporate Governance).	8.3
The Corporate Governance Statement and related governance materials are available on Capral's website, <a href="http://www.capral.com.au">www.capral.com.au</a> (under Corporate/ Investors/ Corporate Governance).		