

**Stanmore Coal Limited**  
ACN 131 920 968

## **Corporate Governance Charter**

# Contents

- SECTION A - PRINCIPLES OF CORPORATE GOVERNANCE..... 6
  - A.1 BOARD OF DIRECTORS..... 6
  - A.2 THE CHAIRPERSON ..... 9
  - A.3 CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR..... 9
  - A.4 COMPANY SECRETARY..... 9
  - A.5 CORPORATE ETHICS..... 9
  - A.6 CORPORATE CODE OF CONDUCT ..... 10
  - A.7 SELECTION OF EXTERNAL AUDITOR AND ROTATION OF AUDIT ENGAGEMENT PARTNER ..... 13
  - A.8 COMMITTEES..... 13
  
- SECTION B - AUDIT & RISK MANAGEMENT COMMITTEE CHARTER..... 14
  - B.1 COMMITTEE MEMBERS..... 14
  - B.2 PURPOSE..... 14
  - B.3 EXTERNAL AUDIT FUNCTION ..... 14
  - B.4 DEFINITION AND OBJECTIVES OF THE COMMITTEE ..... 15
  - B.5 REPORTING ..... 16
  - B.6 RISK MANAGEMENT POLICIES ..... 17
  - B.7 ATTENDANCE AT MEETINGS..... 17
  - B.8 ACCESS..... 17
  - B.9 ANNUAL GENERAL MEETING..... 17
  - B.10 APPLICATION OF STANDING RULES..... 17
  
- SECTION C - REMUNERATION AND NOMINATIONS COMMITTEE CHARTER..... 18
  - C.1 COMMITTEE MEMBERS..... 18
  - C.2 PURPOSE..... 18
  - C.3 DEFINITION AND OBJECTIVES OF THE COMMITTEE ..... 18
  - C.4 REMUNERATION POLICIES..... 21
  - C.5 APPROVALS IN RELATION TO REMUNERATION..... 22
  - C.6 REPORTING ..... 22
  - C.7 MEETINGS..... 23
  - C.8 ATTENDANCE AT MEETINGS..... 24
  - C.9 APPLICATION OF STANDING RULES..... 24
  
- SECTION D – HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY COMMITTEE CHARTER ..... 25
  - D.1 COMMITTEE MEMBERS..... 25
  - D.2 PURPOSE..... 25
  - D.3 DEFINITION AND OBJECTIVES OF THE COMMITTEE ..... 25
  - D.4 RESPONSIBILITIES ..... 26
  - D.5 AUTHORITY..... 26
  - D.6 REPORTING ..... 26
  - D.7 MEETINGS..... 26
  - D.8 ATTENDANCE AT MEETINGS..... 27
  - D.9 APPLICATION OF STANDING RULES..... 27

SECTION E – STANDING RULES OF COMMITTEES .....	28
E.1    APPLICATION .....	28
E.2    COMPOSITION .....	28
E.3    CHAIRPERSON .....	28
E.4    MEETINGS .....	28
E.5    FEES .....	29
E.6    REVIEW OF CHARTER .....	29
E.7    DUTIES AND RESPONSIBILITIES .....	29
SECTION F - CORPORATE ETHICS POLICY .....	30
F.1    INTRODUCTION .....	30
F.2    DIRECTORS' POWERS AND DUTIES .....	30
F.3    GENERAL .....	30
F.4    GENERAL DUTIES OF DIRECTORS .....	31
F.5    AVOIDING CONFLICTS .....	32
F.6    CONFIDENTIALITY .....	33
F.7    INDEPENDENCE .....	33
F.8    DEALINGS BY DIRECTORS IN SECURITIES OF THE COMPANY .....	34
F.9    NOTIFICATION TO ASX OF DIRECTORS' INTERESTS .....	34
G.1    CONTINUOUS DISCLOSURE POLICY [PRINCIPLE 5] .....	37
H.1    SHAREHOLDER COMMUNICATION [PRINCIPLE 6] .....	47

## DEFINITIONS

ASIC	the Australian Securities and Investments Commission.
ASX	the ASX Limited ABN 98 008 624 691 and the securities exchange operated by it.
ASX Listing Rules or Listing Rules	the Official Listing Rules of the ASX as amended or replaced from time to time.
Audit & Risk Management Committee	that Committee charged with determining, implementing and assessing controls for financial and risk management and financial and risk reporting generally for the Company.
Board	board of directors of the Company.
Charter	the charter of any Committee set out in this Corporate Governance Charter.
Chief Executive Officer	the chief executive officer of the Company from time to time (if any).
Chief Financial Officer	the chief financial officer of the Company from time to time (if any).
Chief Operations Officer	the chief operations officer from time to time (if any).
Committee	each committee created by the Board from time to time, including without limitation, the Remuneration and Nominations Committee, the Audit & Risk Management Committee and the HSEC Committee (as applicable).
Company	Stanmore Coal Limited ACN 131 920 968 and includes its related bodies corporate as applicable in the context.
Company Secretary	the company secretary of the Company from time to time.
Corporate Ethics Policy	the policy set out in Section F setting out Directors' duties given their position with the Company, obligations with respect to trading in the Company's Securities and general disclosure obligations.
Corporate Governance Principles and Recommendations	the Corporate Governance Principles and Recommendations, 3rd Edition, issued by the ASX Corporate Governance Council in 2014 (as amended from time to time).
Corporate Governance Committee	the Committee charged with reviewing compliance by the Board with amongst other matters, the provisions of this document.
Corporate Governance Charter	the policies, procedures and charters set out in this document.
Corporations Act	the <i>Corporations Act 2001</i> (Cth) as amended or replaced from time to time.
Constitution	the constitution of the Company.
Director	a director of the Company from time to time.
Employee	an employee of the Company from time to time, whether full or part time.
HSEC	health, safety, environment and community.

## DEFINITIONS

---

HSEC Committee	the Committee charged with reviewing, assessing and monitoring the Company's management of Health, Safety, Environment & Community matters (including compliance with statutory and regulatory requirements) and reporting to the Board on those matters.
Independent and Independence	a Director who has a sufficient level of independence to the Company, determined in accordance with Section A.1(c) of this document.
Management	the executive directors and senior management of the Company, including the Chief Executive Officer or Managing Director and the Company Secretary.
Managing Director	the managing director of the Company from time to time (if any).
Remuneration and Nominations Committee	the Committee charged with reviewing remuneration levels for Directors and Management and assisting the Board in relation to the appointment of members to the Board and of Management and in assessing the performance of such individuals.
Securities	has the meaning set out in the Company's Securities Trading Policy as published from time to time.
Standing Rules	the general and procedural rules of each Committee set out in Section E of this Corporate Governance Policy.

---

# SECTION A - PRINCIPLES OF CORPORATE GOVERNANCE

## A.1 BOARD OF DIRECTORS

### (a) General

This document sets out the main principles adopted by the Board in order to implement and maintain a culture of good corporate governance both internally (including within and as between the group members) and in its dealings with external parties.

It should be read in conjunction with the Company's Securities Trading Policy, Diversity Policy and other policies which are adopted by the Board from time to time. These policies are available to shareholders of the Company via the Company website ([www.stanmorecoal.com.au](http://www.stanmorecoal.com.au)).

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The matters set out in this document are, logically, subject to the Corporations Act, the Constitution and the ASX Listing Rules.

The purpose of preparing and disclosing the matters set out in this document is to:

- (i) formalise procedures to ensure the Company and the Board act in a transparent and appropriate manner in both its internal and external dealings;
- (ii) ensure that appropriate checks, balances and procedures are in place to monitor the operations of the Company and those charged with its management; and
- (iii) provide a transparent method for shareholders to evaluate the performance of the Company from a corporate governance perspective.

In preparing and implementing these strategies, the Company and the Board will have regard to the Corporate Governance Principles and Recommendations.

### (b) Functions, Powers and Responsibilities of the Board and Management

Generally, the powers and obligations of the Board are governed by the Corporations Act and the common law.

Without limiting those matters, the Board expressly considers itself responsible for the following:

- (i) Providing leadership and setting strategic objectives for the Company;
- (ii) Monitoring and ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all relevant laws;
- (iii) Developing, implementing and monitoring operational and financial targets for the Company and the framework within which Management must operate;
- (iv) Appointing the chairperson and members of Management, including but not limited to the Chief Executive Officer and Company Secretary;
- (v) Ensuring appropriate financial and risk management controls are implemented;
- (vi) Approving and monitoring financial and other reporting;
- (vii) Setting risk tolerance levels within which Management is expected to operate;

- (viii) Reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;
- (ix) Approving the Company's remuneration framework and setting, monitoring and ensuring appropriate accountability for Directors' and executive officers' remuneration;
- (x) Establishing and maintaining communications and relations between the Company and third parties, including its shareholders and ASX;
- (xi) Overseeing the Company's processes for making timely and balanced disclosure of all material information in compliance with the Company's continuous disclosure and periodic and specific reporting obligations;
- (xii) Implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers;
- (xiii) Providing input into and final approval of Management's development of corporate strategy and performance objectives;
- (xiv) Monitoring Management's performance and implementation of strategy;
- (xv) Ensuring appropriate resources are available to Management;
- (xvi) Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- (xvii) Approving the annual budget;
- (xviii) Monitoring the financial performance of the Company, including under Management's direction;
- (xix) Liaising with the Company's external auditors;
- (xx) Overseeing the Company's accounting and corporate reporting systems, including the external audit;
- (xxi) Monitoring the Company's compliance with its legal obligations, including with respect to corporate governance, and the effectiveness of its corporate governance practices; and
- (xxii) Appointing and overseeing Committees where appropriate to assist in the performance of the above functions and use of powers.

(c) **Delegation to Management**

The Board has delegated to Management, to be led and overseen by the Managing Director or Chief Executive Officer, authority for the overall operational and business management and profit performance of the Company. Management is also responsible for managing the Company in accordance with the strategy, plans and policies approved by the Board to achieve objectives agreed by the Board.

Members of Management who report to the Managing Director or Chief Executive Officer have their roles and responsibilities defined in position descriptions.

The Board may impose further specific limits on the delegations to the Managing Director or Chief Executive Officer. These delegations of authority will be maintained by the Company Secretary and will be reviewed by the Board as appropriate from time to time.

(d) **Structure of the Board**

The structure of the Board is determined in accordance with the following principles:

- (i) to aim for, so far as is practicable given the size of the Company, a majority of the Board being Independent Directors;
- (ii) to aim for, so far as is practicable given the size of the Company, the appointment of a chairperson who is an Independent Director;
- (iii) to aim for, so far as is practicable given the size of the Company, a chairperson who is not the Chief Executive Officer; and
- (iv) to have at least three Directors.

***Independence***

In assessing the Independence of Directors, the Company has regard to Principle 2 (Recommendation 2.3) of the Corporate Governance Principles and Recommendations and regards an Independent Director as a non-executive Director who is not a member of Management and who is free of any interest, position, association or other relationship that might influence, or could reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of shareholders, and who:

- (i) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (ii) is not employed, or has not previously been employed in an executive capacity by the Company or another group member, and there has been a period of at least three years between ceasing such employment and serving on the Board;
- (iii) within the last three years has not been a principal (or equivalent) of a provider of material professional services to the Company or another group member, or an employee materially associated with the service provided;
- (iv) has not within the last three years had a material business relationship (i.e. as a material supplier or customer with the Company or other group member, or an officer of or otherwise associated directly or indirectly with someone with such a relationship);
- (v) has no material contractual relationship with the Company or another group member other than as a director of the Company;
- (vi) has no close family ties with any person who falls within any of the categories described above; and
- (vii) has not been a Director for such a period that his or her Independence may have been compromised.

In an effort to ensure that the Board comprises members with a broad range of experience, expertise and skills relevant to the Company, the Board maintains a skills matrix which identifies the current skills, knowledge, experience, expertise and diversity of the Board and those the Company seeks to achieve across the composition of the Board.



## **A.2 THE CHAIRPERSON**

The Chairperson should be an Independent Director and should not be the same person as the chief executive officer. The Chairperson is responsible for leadership of the Board, for facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and Management. The Chairperson is also responsible for setting the agenda for Board meetings, and ensuring the efficient organisation and conduct of the Board's function, the briefing of all Directors in relation to issues arising at Board meetings, and overseeing for shareholder communication and arranging Board performance evaluation.

## **A.3 CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR**

The Chief Executive Officer or Managing Director (if any) is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategies set by the Board. In carrying out his/her responsibilities, the Chief Executive Officer or Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operating results.

The Chief Executive Officer or Managing Director (if any) (together with the Chief Financial Officer, if there is one) shall be required to state in writing to the Board that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained in accordance with the Act and that the financial reports of the Company represent a true and fair view in all material respects, of the Company's financial conditions and operating results and are in accordance with relevant accounting standards, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## **A.4 COMPANY SECRETARY**

The Company Secretary is accountable to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board including but not limited to:

- organising Board meetings and Director attendance;
- monitoring compliance with Board policy and procedures;
- coordinating the completion and dispatch of the Board agenda and briefing materials;
- preparing minutes of meetings and resolutions of the Board and taking these to the Chairperson for approval and circulation;
- circulating minutes from Committee meetings to the Board; and
- the Company's compliance with its requirements under the Corporations Act regarding registered office, and annual returns and notices to be lodged with ASIC.

## **A.5 CORPORATE ETHICS**

The Company has adopted a separate Corporate Ethics Policy (refer to Section F of this document) which has been agreed to by each member of the Board, setting out, in addition to these principles, the obligations of integrity and honesty on each member of the Board, Management and Employees generally. The Company has policies which set out the obligations of Directors and Management with respect to trading in Securities in the Company (Securities Trading Policy) and disclosure to the ASX (Continuous Disclosure Policy – refer Section G.1 of this document).

In addition to the Corporate Ethics Policy, the Company also adheres to the following statement of principles and responsibilities with respect to both its internal dealings with Employees and consultants, and external dealings with shareholders and the community at large.

## **A.6 CORPORATE CODE OF CONDUCT**

### **(a) Introduction**

This code of conduct sets out the standard which the Board, Management and Employees of the Company are encouraged to comply with when dealing with each other, shareholders, and the broader community.

### **(b) Minimum acceptable standards of conduct**

The Company promotes a culture of ethical behaviour and compliance with all applicable laws.

Each member of the Board and Management and each Employee is expected, at a minimum, to at all times when representing the Company:

- (i) act in the best interests of the Company;
- (ii) act honestly and with high standards of personal integrity;
- (iii) comply with the laws and regulations that apply to the Company and its operations;
- (iv) not knowingly participate in any illegal or unethical activity;
- (v) not enter into any arrangement or participate in any activity that would conflict with the Company's best interests or that would be likely to negatively affect the Company's reputation;
- (vi) not take advantage of the property or information of the entity or its customers for personal gain or to cause detriment to the entity or its customers; and
- (vii) not take advantage of their position or the opportunities arising from their position with the Company for personal gain.

### **(c) Commitment of the Board and Management to Corporate Code of Conduct**

The Board and Management approve and endorse this code of conduct and commit to observing the principles set out in it.

All Employees are expected to consider the principles of the code and at all times use them as a guide to determine how to respond when acting on behalf of the Company. Management will ensure there is appropriate dissemination of the Code of Conduct to all current and new Employees.

### **(d) Responsibilities to Shareholders and the Financial Community Generally**

The Company aims:

- (i) to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community;
- (ii) to comply with systems of control and accountability which the Company has in place as part of its corporate governance; and
- (iii) to act with honesty, integrity and fairness.

### **(e) Responsibilities to Clients, Customers and Consumers**

The Company is to comply with all legislative and common law requirements which affect its business. Any breach of the applicable legal rules is to be reported to Management as soon as a person becomes aware of such a breach.

(f) **Employment Practices**

The Company will employ the best available staff with skills required to carry out their roles.

The Company will ensure a safe work place and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities.

(g) **Responsibility to the Community**

The Company to the best of its ability will recognise, consider and respect legal requirements impacting upon its operations in the communities in which it operates and comply with all applicable legal requirements.

The Company will act with honesty, integrity and fairness in all dealings with the community.

(h) **Responsibility to the Individual**

The Company recognises and respects the rights of individuals and to the best of its ability will comply with the applicable legal rules regarding privacy, privileges, private and confidential information.

The Company and the Board will maintain the Company's and our shareholders', customers' and suppliers' information confidentiality unless required to be disclosed by law.

(i) **Obligations Relative to Fair Trading and Dealing**

The Company will deal with others in a way that is fair and will not engage in deceptive practices.

(j) **Conflicts of Interest**

The Board, Management and Employees must not involve themselves in situations where there is an actual or potential conflict of interest between them as individuals and the interest of the Company (excluding those matters which may be subject to legal professional privilege). Where an actual conflict of interest arises, or is likely to arise, the matter must be brought to the attention of one of the following senior officers:

- the Chairperson in the case of a Board member;
- the Managing Director (if any), the Managing Director or Chief Executive Officer in the case of a member of Management; and
- a supervisor in the case of an Employee,

so that it may be considered, documented (as appropriate) and dealt with in an appropriate manner for all concerned.

The decision of the senior officer is final and binding on the person who raises the actual or potential conflict of interest.

(k) **Compliance with the Code**

Any breach of compliance with this code is to be reported directly to the Chief Executive Officer, Managing Director or Chairperson, as appropriate.

(l) **Periodic Review of Code**

The Company will monitor compliance with the code periodically by liaising with the Board, Management and staff especially in relation to any areas of difficulty which arise from the code and any other ideas or suggestions for improvement of the code. Suggestions for improvements or amendments to the code can be made at any time.

(m) **Code of Conduct for Employees (and contractors)**

The Company shall ensure that the above principles are implemented and adopted by Employees and contractors of the Company by importing the following principles into the terms of such engagements:

- (i) to actively promote the highest standards of ethics, honesty and integrity in carrying out their duties for and on behalf of the Company;
- (ii) to disclose any actual or potential conflicts of interest of a direct or indirect nature of which they become aware and which they believe could compromise in any way the reputation or performance of the Company;
- (iii) to respect and observe the confidentiality of all information that is of a confidential nature and is acquired in the course of performing their role within the Company and not disclose or make improper use (including to gain personal advantage) of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated;
- (iv) to deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates;
- (v) to act in the best interests of the Company;
- (vi) to protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company (or its customers) or opportunity arising from these are used for personal gain or to compete with the Company;
- (vii) the Company is committed to the ideal of equal employment opportunity and to providing a workplace that is safe, free of harassment and discrimination. To this end, the Company will observe the rule and spirit of the legal and regulatory environment in which the Company operates and will not employ forced or illegal labour;
- (viii) to report any breach of this code of conduct to Management, who will treat reports made in good faith of such violations with respect and in confidence;
- (ix) to respect and act responsibly in relation to the environment in which the Company operates; and
- (x) to deal with business partners, customers and suppliers who demonstrate similar ethical and responsible business practices.

## **A.7 SELECTION OF EXTERNAL AUDITOR AND ROTATION OF AUDIT ENGAGEMENT PARTNER**

### **(a) Responsibility**

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises as well as any removal, having regard to the recommendation of the Audit & Risk Management Committee. Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company.

### **(b) Selection Criteria**

#### *Mandatory criteria*

Candidates for the position of external auditor of the Company must be able to demonstrate complete independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangement in place for the rotation of the audit engagement partner on a regular basis.

#### *Other criteria*

Other than the mandatory criteria mentioned above, the Board may select an external auditor based on criteria relevant to the business of the Company such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board, having regard to the recommendation of the Audit & Risk Management Committee.

### **(c) Review**

The Audit and Risk Management Committee will review the performance of the external auditor on an annual basis.

## **A.8 COMMITTEES**

As set out in Section A.1(b), one of the functions of the Board is to form and monitor any special purpose Committees established to review certain aspects of the operations of the Company, having regard to these principles.

The Company has established the following Committees for this purpose:

- Audit & Risk Management Committee;
- Remuneration and Nominations Committee; and
- HSEC Committee.

The Charters of each of the Committees are set out in this document.

# SECTION B - AUDIT & RISK MANAGEMENT COMMITTEE CHARTER

## B.1 COMMITTEE MEMBERS

The Board has established an Audit & Risk Management Committee. The Audit & Risk Management Committee is to consist of the following:

- (a) only non-executive Directors;
- (b) a majority of Independent Directors;
- (c) an Independent Chairperson who is not the Chairperson of the Board; and
- (d) at least three members - where there are not three or more non-executive Directors of the Company, the Board may appoint executive Directors to the Committee.

Each member of the Audit & Risk Management Committee is to be financially literate and at least one member of the Committee is to have relevant qualifications and/or experience in accounting or related financial management matters, and at least one member of the Committee (who may be another member) must have technical knowledge and an understanding of the industry in which the Company operates, such that the Committee as a whole is able to discharge its mandate effectively.

The Company Secretary and representatives of the external auditors (refer Section B.4 below) may be invited to form part of the Audit & Risk Management Committee from time to time.

## B.2 PURPOSE

- (a) The Audit & Risk Management Committee Charter (the **Charter**) sets out the role, responsibilities, and composition, structure, and membership requirements of the Audit & Risk Management Committee of the Company and the procedures for inviting non-committee members to attend meetings.
- (b) The Charter is available to shareholders of the Company via the Company website ([www.stanmorecoal.com.au](http://www.stanmorecoal.com.au)).

## B.3 EXTERNAL AUDIT FUNCTION

- (a) The Company's audit function is currently performed by external advisers who are able to apply detailed audit processes and procedures across the Company's business.
- (b) The external auditors prepare and present a report to the Committee each half and full financial reporting period which covers matters including:
  - (i) the processes and procedures adopted by the external auditors in performing the audit; and
  - (ii) the conduct of management generally, including compliance with the relevant processes and procedures, throughout the reporting period.
- (c) The Board is of the opinion that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of an internal audit function, but may be in the future.

## B.4 DEFINITION AND OBJECTIVES OF THE COMMITTEE

- (a) The Audit & Risk Management Committee (the **Committee**) is a Committee of the Board.
- (b) Membership of the Committee will be disclosed in the Annual Report.
- (c) The Committee's primary function is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company by:

### **Audit Related**

- (i) ensuring that the quality of financial controls and adequacy of reporting is appropriate for the business of the Company;
- (ii) reviewing the scope and results of external and internal (if any) audits;
- (iii) monitoring corporate conduct and business ethics, including auditor independence and ongoing compliance with laws and regulations;
- (iv) maintaining open lines of communication between the Board, Management and the external auditors, enabling information and points of view to be freely exchanged;
- (v) reviewing matters of significance affecting the financial welfare of the Company and ensuring the appropriateness of the accounting judgements or choices exercised by Management in preparing the Company's financial statements;
- (vi) ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate;
- (vii) reviewing the Company's internal financial control system;
- (viii) ensuring the financial statements reflect the understanding of Committee members, comply with relevant accounting policies and principles and otherwise provide a true and fair view of the financial position and performance of the Company for the financial year;
- (ix) considering the appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor, including the scope of work to ensure its adequacy;
- (x) monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements, including those relating to the rotation of the audit engagement partner;
- (xi) developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm and the potential to compromise independence; and

### **Risk Related**

- (xii) ensuring the development of an appropriate risk management policy framework that will provide guidance to Management in implementing appropriate risk management practices throughout the Company's operations, practices and systems;
- (xiii) defining and periodically reviewing risk management as it applies to the Company and clearly identify all stakeholders;
- (xiv) ensuring the Committee clearly communicates the Company's risk management philosophy, policies and strategies to Directors, Management, Employees, contractors and appropriate stakeholders;

- (xv) ensuring that Directors and Management establish a risk aware culture which reflects the Company's risk policies and philosophies;
- (xvi) reviewing methods of identifying broad areas of risk and setting parameters or guidelines for business risk reviews;
- (xvii) making informed decisions regarding business risk management, internal control systems, business policies and practices and disclosures;
- (xviii) considering capital raising, treasury and market trading activities with particular emphasis on risk treatment strategies, products and levels of authorities;
- (xix) identifying, investigating and making recommendations to the Board concerning incidents of fraud or other failures of internal controls;
- (xx) considering and making recommendations to the Board concerning the Company's insurance program and its appropriateness having regard to the Company's business and the insurable risks associated with its business; and
- (xxi) identifying and monitoring the Company's material exposure to economic, environmental and social sustainability risks and make recommendations to the Board regarding appropriate mechanisms to manage those risks.

## **B.5 REPORTING**

- (a) Proceedings of all meetings are minuted and signed by the Committee's Chairperson.
- (b) The Committee, through its Chairperson, is to report to the Board at the earliest possible Board meeting after each Committee meeting. Minutes of all Committee meetings are to be circulated to the Board. The Committee is to report to the Board all matters relevant to the Committee's role and responsibilities. The report should include but is not limited to:
  - (i) the minutes of the Committee and any formal resolutions;
  - (ii) information about the audit process including the results of external and internal (if any) audits and any reports prepared and presented by the external auditors;
  - (iii) an assessment of:
    - (A) whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs; and
    - (B) the management processes supporting external reporting;
  - (iv) procedures for the selection and appointment of the external auditor and for the rotation of external audit partners;
  - (v) recommendations for the appointment or, if necessary, the removal of the external auditor;
  - (vi) any determination by the Committee relating to the performance and independence of the external auditor and whether the Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services;
  - (vii) assessment of the performance and objectivity of the internal audit function (if any);
  - (viii) results of its review of risk management and internal control systems;
  - (ix) recommendations for the appointment or, if necessary, the dismissal of the head of internal audit (if applicable);



- (x) any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action; and
- (xi) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter.

## **B.6 RISK MANAGEMENT POLICIES**

The Committee will ensure that the necessary controls are in place for risk management policies to be maintained by:

- (a) devising a means of analysing the effectiveness of risk management and internal compliance and control system and of the effectiveness of their implementation; and
- (b) reviewing, at least annually, the effectiveness of the Company's implementation of the risk management system (and will disclose in its Annual Report whether such a review has taken place, and any insights the Company has gained from the review and any changes it has made or will make to its risk management framework as a result).

## **B.7 ATTENDANCE AT MEETINGS**

- (a) Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Board Director is entitled to attend that part of a meeting at which an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.
- (b) Notwithstanding Section B.7(a), if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

## **B.8 ACCESS**

- (a) The Committee shall have unlimited access to the external and internal (if any) auditors, and to Management and any subsidiary for the purpose of obtaining information to discharge its functions. The Committee shall also have the ability and authority to seek any information it requires to carry out its duties from any Director, member of Management or Employee and such persons shall be instructed by the Board to co-operate fully in the provision of such information.
- (b) The Committee also has the authority to seek advice from external experts where it considers it necessary or appropriate to carry out its duties. Any costs incurred as a result of the Committee consulting an external expert will be borne by the Company.

## **B.9 ANNUAL GENERAL MEETING**

The Committee must ensure the external auditor attends the Company's Annual General Meeting and is available to answer questions of shareholders relevant to the audit.

## **B.10 APPLICATION OF STANDING RULES**

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.

# SECTION C - REMUNERATION AND NOMINATIONS COMMITTEE CHARTER

## C.1 COMMITTEE MEMBERS

The Board has established a Remuneration and Nominations Committee. The Remuneration and Nominations Committee is to consist of the following:

- (a) only non-executive Directors;
- (b) a majority of Independent Directors;
- (c) an Independent Chairperson; and
- (d) at least three members - where there are not three or more non-executive Directors of the Company, the Board may appoint executive Directors to the Committee.

The Remuneration and Nominations Committee is guided by the Charter set out below.

## C.2 PURPOSE

- (a) The Remuneration and Nominations Committee Charter (the **Charter**) sets out the role, responsibilities, composition, structure and membership requirements of the Remuneration and Nominations Committee of the Company and the procedures for non-committee members to attend meetings.
- (b) The Charter is available to shareholders of the Company via the Company website ([www.stanmorecoal.com.au](http://www.stanmorecoal.com.au)).

## C.3 DEFINITION AND OBJECTIVES OF THE COMMITTEE

- (a) The Remuneration and Nominations Committee (the **Committee**) is a Committee of the Board and other persons appointed by the Board from time to time.
- (b) Membership of the Committee will be disclosed in the Annual Report.
- (c) The Committee is responsible for:

### **Nominations**

- (i) assisting the Board in relation to:
  - (A) the appointment of members to the Board and of Management (including, without limitation, the Managing Director, Chief Executive Officer, Chief Financial Officer and Chief Operating Officer (to the extent that the Company has or requires such positions));
  - (B) identifying the skills and diversity the Board currently has and that which it aims to achieve; and
  - (C) assisting the Board with the review of the performance of members of the Board and Management;
- (ii) discharging its responsibilities under paragraph (i) by:

- (A) developing criteria for seeking and reviewing candidates for a position on the Board to fill vacancies, address skills and diversity deficiencies or succession issues, including by implementing processes to assess the necessary and desirable skill sets of the Board members including experience, expertise, skills and performance of the Board and the Committees;
- (B) identifying suitable candidates for appointment to the Board or Management positions, including the chief executive officer, to fill vacancies, address skills and diversity deficiencies or succession issues;
- (C) reviewing appropriate applications for positions of the Board and for the Chief Executive Officer or Managing Director and recommending individuals for consideration by the Board;
- (D) undertaking appropriate checks for any person who is to be appointed a Director by the Board as a casual vacancy or who is to be put forward as a candidate for shareholders to elect to become a Director;
- (E) ensuring all material information in its possession relevant to a decision by shareholders on whether or not to appoint a candidate as a Director, must be provided to the Company Secretary for inclusion in the notice of meeting to shareholders;
- (F) assessing the Independence of Directors from time to time, and at least annually for the purposes of the Company's annual reporting obligations, and assessing the Independence of candidates who are to be put forward for shareholders to consider to elect as a Director;
- (G) ensuring that each Director and member of Management enters into a written agreement with the Company setting out the terms of their appointment, and maintain copies of such agreements;
- (H) recommending procedures for adoption by the Board for the proper oversight of the Board and Management;
- (I) ensuring that such procedures, once adopted, are implemented such that the performance of each member of the Board and of Management is reviewed and assessed each year in accordance with the procedures;
- (J) annually reviewing the composition of each Committee and presenting recommendations for Committee memberships to the Board;
- (K) assessing the time required from non-executive directors and evaluating whether the non-executive directors are satisfying their commitments;
- (L) developing and implementing induction programs and continuing professional development programs for Directors and Management to develop and maintain knowledge, skills and expertise need to perform their role effectively and that is otherwise in line with the Company's skills matrix and corporate objectives; and
- (M) seeking advice from external consultants or specialists (as appropriate) to assist it to appropriately discharge its responsibilities; and

### **Remuneration**

- (iii) reviewing the remuneration policies and practices of the Company and making recommendations to the Board in relation to:

- (A) executive remuneration and incentive plans:
- (1) including, but not limited to, compensation payments and any amendments to that policy proposed from time to time by Management;
  - (2) reviewing the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs;
  - (3) considering whether to seek shareholder approval of the executive remuneration policy;
  - (4) overseeing the implementation of the remuneration policy; and
  - (5) reviewing and approving the total proposed payments from each executive incentive plan.

In respect of such executive remuneration, reviewing the competitiveness of the Company's executive compensation programmes to ensure:

- (6) the programmes are attractive, with a view to ensuring high quality senior executives are attracted to the Company, and retained and motivated thereafter;
  - (7) the Company is not paying excessive remuneration; and
  - (8) the alignment of the interests of key leadership with the long term interests of the Company's shareholders;
- (B) the remuneration packages for Management:
- (1) considering and making recommendations to the Board on the remuneration for each member of Management (including fixed pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the objective that remuneration should encourage the pursuit of growth and success of the Company (in the short and long terms) without taking undue risks; and
  - (2) considering whether shareholder approval will be required;
- (C) non-executive Director remuneration:
- (1) in developing the structure, considering the Corporate Governance Principles and Recommendations, in that:
    - incentives should not conflict with the obligation of non-executive directors to bring an independent judgement to matters before the Board;
    - non-executive Directors should normally be remunerated by way of fees (in the form of cash, non-cash benefits, superannuation contributions or equity);
    - non-executive directors should not participate in schemes designed for the remuneration of executives; and
    - non-executive Directors should not receive options or bonus payments or retirement benefits (other than statutory superannuation),

- (2) ensure that the fees for non-executive Directors are within the aggregate amount approved by shareholders;
  - (3) provide, in the corporate governance section of the Annual Report, any departures from Recommendation 8.1 if necessary;(iv) the Company's recruitment, retention and termination policies and procedures for Management;
- (D) incentive plans and share allocation schemes:
- (1) review and approve the design of all equity based plans;
  - (2) keep all plans under review in light of legislative, regulatory and market developments;
  - (3) for each equity based plan, determine each year whether awards will be made under that plan;
  - (4) ensure that the equity based executive remuneration is made in accordance with the thresholds set in plans approved by shareholders;
  - (5) review and approve total proposed awards under each plan;
  - (6) in addition to considering awards to executive Directors and direct reports to the Managing Director, review and approve proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee; and
  - (7) review, approve and keep under review performance hurdles for each equity based plan,
- (E) superannuation arrangements; and
- (F) remuneration of members of other Committees of the Board; and
- (iv) overseeing the evaluation of the performance of Management on an annual basis and reporting to the Board.

The evaluation process is undertaken by the Committee with the advice and assistance of the Chief Executive Officer or Managing Director.

Management are assessed against individual and group performance targets set in the prior year or such other times as may be appropriate.

## C.4 REMUNERATION POLICIES

- (a) The Committee should design the remuneration policy, in such a way that it:
  - (i) motivates directors and management to pursue the long-term growth and success of the Company without taking undue risks; and
  - (ii) demonstrates a clear relationship between key executive performance and remuneration.
- (b) For any incentive schemes or equity based plans which are adopted, the Committee is responsible for:
  - (i) reviewing their terms (including eligibility criteria and performance hurdles) and any amendments to those terms;

- (ii) overseeing their administration (including compliance with applicable laws that restrict participants from hedging the economic risk of their security holdings) and disclosing its policy (which is included in its Securities Trading 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 or plan;
  - (iii) considering whether shareholder approval is required or desirable for the schemes or plans and for any changes to them;
  - (iv) ensuring that payments and awards of equity are made in accordance with their terms and any shareholder approval that may be granted.
- (c) In performing its role, the Committee is required to ensure that:
- (i) the remuneration offered is in accordance with prevailing market conditions, and that exceptional circumstances are taken into consideration;
  - (ii) contract provisions reflect market practice;
  - (iii) targets and incentives are based on realistic performance criteria; and
  - (iv) no individual member of Management is involved in deciding his or her own remuneration (excluding the decision of the Board to set the pool of Directors' fees for approval by shareholders).
- (d) The Committee will also:
- (i) overview the application of sound remuneration and employment practices across the Company; and
  - (ii) ensure the Company complies with legislative requirements related to employment practices.

## **C.5 APPROVALS IN RELATION TO REMUNERATION**

- (a) The Committee must approve the following prior to implementation:
- (i) changes to the remuneration or contract terms of executive Directors and direct reports to the Managing Director;
  - (ii) the design of new, or amendments to current, equity plans or executive cash-based incentive plans;
  - (iii) total level of award proposed from equity plans or executive cash-based incentive plans; and
  - (iv) termination payments to Executive Directors or direct reports to the Managing Director, including consideration of early termination, except for removal for misconduct, termination payments to other departing executives should be reported to the Committee at its next meeting.

## **C.6 REPORTING**

- (a) Proceedings of all meeting of the Committee are to be minuted and signed by the Committee's Chairperson.
- (b) The Committee, through its Chairperson, is to report to the Board at the earliest possible Board meeting after the Committee meeting. Minutes of all Committee meetings are to be circulated to the Board. The report should include but is not limited to:
- (i) the minutes of the Committee and any formal resolutions;

### **Nominations**

- (ii) procedures for the selection and appointment of proposed Board members and Management representatives and for the monitoring of the performance of the Board and Management;
- (iii) recommendations for the appointment or removal of a member of the Board or Management;
- (iv) any determination by the Committee relating to the Independence of a proposed Board member;
- (v) any evaluation of or recommendation regarding the composition of the Board, having regard to the criteria developed for seeking candidates to address skills and diversity deficiencies or succession issues;
- (vi) assessment of the performance of any member of the Board or Management;

### **Remuneration**

- (vii) information about the review process undertaken by the Committee;
- (viii) an assessment of:
  - (A) executive remuneration and incentive plans;
  - (B) remuneration packages for Management, directors and the Managing director;
  - (C) non-executive director remuneration;
  - (D) the Company's recruitment and retention and termination policies and procedures for Management;
  - (E) incentive plans and share allocation schemes;
  - (F) superannuation arrangements;
  - (G) remuneration of members of other Committees of the Board;
- (ix) recommendations for setting remuneration levels for Directors, other members of Management and Committees;

### **Other**

- (x) any matter that in the opinion of the Committee should be brought to the attention of the Board and any recommendation requiring Board approval and/or action; and
- (xi) at least annually, a review of the formal written Charter and its continuing adequacy, and an evaluation of the extent to which the Committee has met the requirements of the Charter.

## **C.7 MEETINGS**

- (a) Despite the Standing Rules, there is no requirement that the Remuneration and Nominations Committee meet a set number of times or intervals during a year. Rather, the Committee will meet at such intervals as required to fulfil its obligations.
- (b) In addition, the Chairperson is required to call a meeting of the Committee if requested to do so by any Committee member, the internal auditors (if any), external auditors, the Chairperson of the Board or other Board member.

- (c) The Committee shall have unlimited access to the external and internal (if any) auditors, Directors, members of Management and Employees, members of management and employees of any subsidiary for the purpose of obtaining information to discharge its functions. The Committee shall also have the ability and authority to seek information it requires to carry out its duties from such persons, and the Board shall instruct such persons to co-operate fully in the provision of such information.
- (d) The Committee also has the authority to seek advice from and meet with external experts where they consider it necessary or appropriate to carry out their duties. The Committee may meet with these external advisers without Management being present. Any costs incurred as a result of the Committee consulting an external expert will be borne by the Company.
- (e) The Committee may also seek input from individuals on remuneration policies but no individual should be directly involved in deciding his/her remuneration.

## **C.8 ATTENDANCE AT MEETINGS**

- (a) Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which:
  - (i) an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed; or
  - (ii) the remuneration of that Director or a related party of that Director is being discussed.
- (b) Notwithstanding Section C.8(a)(i), if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

## **C.9 APPLICATION OF STANDING RULES**

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.



# SECTION D – HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY COMMITTEE CHARTER

## D.1 COMMITTEE MEMBERS

- (a) The Board has established a Health, Safety, Environment and Community (**HSEC**) Committee.
- (b) The HSEC Committee is to consist of at least three directors, including at least two non-executive directors, appointed by the Board.
- (c) The Company Secretary shall be the secretary of the HSEC Committee.

## D.2 PURPOSE

- (a) The Health, Safety, Environment and Community Committee Charter (**HSEC Charter**) sets out the role, responsibilities, composition, structure and membership requirements of the HSEC Committee of the Company and the procedures for non-committee members to attend meetings.
- (b) The HSEC Charter is available to shareholders of the Company via the Company website ([www.stanmorecoal.com.au](http://www.stanmorecoal.com.au)).

## D.3 DEFINITION AND OBJECTIVES OF THE COMMITTEE

- (a) The HSEC Committee is a Committee of the Board and other persons appointed by the Board from time to time.
- (b) Membership of the Committee will be disclosed in the Annual Report.
- (c) The objectives of the Committee are to:
  - (i) Provide independent assurance and assistance to the Board such that the Company is able to ensure, in the areas in which the Company operates, that:
    - (A) the health and safety of workers is protected and that no other persons are put at risk;
    - (B) the environmental performance is suitable so as to not compromise the long term health of the environment; and
    - (C) community engagement is conducted in a manner that meets accepted social responsibility standards.
  - (ii) Provide the necessary focus and guidance on HSEC matters and, with the use of benchmarking, to assist Management in improving the practices and performance of the Company in the HSEC areas.
  - (iii) Regularly assess and monitor whether or not the Company has in place the appropriate policies, standards, systems and resources required to meet the Company's HSEC objectives.
  - (iv) Monitor the Company's management of HSEC risk including compliance with statutory and regulatory requirements and with Company policy.
  - (v) Advise and make recommendations to the Board on HSEC matters, issues and performance.

## **D.4 RESPONSIBILITIES**

Subject to the authorities set out in Section D.5 (Authority), the responsibilities of the Committee are to:

- (i) Review major policy and strategy statements determining the Company's direction and strategy for HSEC and make recommendations for the approval of the Board.
- (ii) Monitor the Company's progress against HSEC policies and strategy.
- (iii) Monitor the Company's performance against and compliance with statutory and regulatory requirements and Company policy.
- (iv) Ensure periodic reviews of the Company's HSEC performance are conducted to determine the effectiveness of the Company's systems (including risk) and report the findings of such to the Board.
- (v) Monitor the progress of and responses to internal and external audits and reviews.
- (vi) Monitor the management of high consequence incidents including incidents that result in regulatory non-compliance notices.

## **D.5 AUTHORITY**

- (a) The Committee shall report to the Board and is accountable to the Board for its performance.
- (b) The HSEC Committee will make recommendations to the Board on all matters requiring a decision. The HSEC Committee does not have the power or authority to make decisions in the Board's name or on its behalf.
- (c) The HSEC Committee is authorised by the Board, subject to Section D.7(d), to obtain such outside information and advice, including legal advice and reports, and to consult with outside advisers with relevant experience and expertise as it thinks appropriate for carrying out its responsibilities.

## **D.6 REPORTING**

- (a) Proceedings of all meetings of the HSEC Committee are to be minuted and signed by the Chairperson. Minutes will be distributed to the Board members.
- (b) The Committee, through its Chairperson, is to report to the Board, including making any required recommendations to the Board, at the earliest possible Board meeting after the HSEC Committee meeting.
- (c) A register of the HSEC Committee meeting minutes will be kept by the Company Secretary and will be available to any Director.

## **D.7 MEETINGS**

- (a) The HSEC Committee shall meet at least four times each year. The Chairperson may call any additional meetings of the HSEC Committee that he or she thinks are required.
- (b) The Managing Director and an executive of the Company's mining services provider [if engaged] will usually attend each HSEC Committee meeting as Management representatives.
- (c) The HSEC Committee may, if it considers it appropriate, invite any senior executives or other individuals (including advisors and specialists) to attend HSEC Committee meetings. These requests must be made through the Company Secretary.

- (d) Reasonable notice of the HSEC Committee meetings and the business to be conducted at the relevant meeting shall be given to the members of the HSEC Committee and the Board.

## **D.8 ATTENDANCE AT MEETINGS**

Directors who are not members of the HSEC Committee shall be entitled to attend any HSEC Committee meeting (in an ex-officio capacity) after giving prior written notice to the Chairperson.

## **D.9 APPLICATION OF STANDING RULES**

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.

# SECTION E – STANDING RULES OF COMMITTEES

## E.1 APPLICATION

These Standing Rules apply to, and are deemed to be incorporated into the Charter of each Committee, except where the terms of these Standing Rules conflict with those of the relevant Charter.

## E.2 COMPOSITION

- (a) The composition of each Committee will be determined in accordance with the following principles:
  - (i) each Committee will aim to have membership which comprises of non-executive Directors, save where the Board considers that to do so for a particular Committee or Committees would be unnecessary or undesirable;
  - (ii) of the members of the Committee, the Committee will aim to have a majority of the members being Independent Directors (where appropriate, given the size of the Company and the Board);
  - (iii) provided the Committee can contain at least one Independent Director, the Chairperson of the Committee shall be Independent (where appropriate given the size of the Board); and
  - (iv) the Committee shall comprise three members. Where there is not three or more non-executive Directors of the Company, the Board may, despite this requirement, appoint one or more executive Directors to the Committee.
- (b) Membership of each Committee will be disclosed in the Annual Report of the Company. Committee members are appointed by the Board.
- (c) The term of appointment as a member is for a period of no more than one year, with Committee members generally being eligible for re-appointments for so long as they remain Directors of the Board. The effect of ceasing to be a Director of the Board is the automatic termination of appointment as a member of each Committee.
- (d) Membership of each Committee should be confirmed annually by the Board.
- (e) Each Director may attend meetings but will have no voting rights unless he/she is a member of the relevant Committee.

## E.3 CHAIRPERSON

- (a) The Chairperson of each Committee is selected by the Board.
- (b) Should the Committee Chairperson be absent from a meeting and no Acting Chairperson been appointed, the members of the relevant Committee present at the meeting have authority to choose one of their number to be Chairperson for that particular meeting.

## E.4 MEETINGS

- (a) Each Committee will meet at such intervals as required to fulfil its obligations but must be at least annually.
- (b) In addition, the Chairperson is required to call a meeting of each Committee if requested to do so by any Committee member, the external auditors, the internal auditors (if any), the Chairperson of the Board or any other Board member.

- (c) The Chairperson will appoint an executive to act as Secretary to each relevant Committee who shall be responsible:
  - (i) in conjunction with the Chairperson, for drawing up the agenda, supported by explanatory documentation, and circulating it to the relevant Committee members prior to each meeting; and
  - (ii) for keeping the minutes of meeting of each Committee and circulating them to Committee members and to the other members of the Board.
- (d) A quorum shall consist of two members.
- (e) The Committee Chairperson shall report to the Board following each meeting.

## **E.5 FEES**

Committee members are entitled to receive remuneration as determined from time to time by the Remuneration and Nominations Committee.

## **E.6 REVIEW OF CHARTER**

- (a) Each Charter is to be reviewed annually by each relevant Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities.
- (b) Significant changes to the Charter must be recommended by the relevant Committee and approved by the Board. The Board must comply with its continuous and ongoing disclosure obligations and announce material changes to the market in accordance with the ASX Listing Rules.

## **E.7 DUTIES AND RESPONSIBILITIES**

- (a) The duties and responsibilities of a member of each Committee are in addition to those duties set out for a Director of the Board.
- (b) The duties and responsibilities of a member of each Committee are set out in each Charter.

# SECTION F - CORPORATE ETHICS POLICY

## F.1 INTRODUCTION

Directors of the Company are subject to certain stringent legal requirements regulating the conduct both in terms of their internal conduct as Directors of the Company and in their external dealings with third parties both on their own behalf and on behalf of the Company.

To assist Directors in discharging their duty to the Company and in compliance with relevant laws to which they are subject, the Company has adopted the following Corporate Ethics Policy (**Policy**).

This Policy sets out rules binding Directors in respect of:

- (i) a Director's legal duties as an officer of the Company;
- (ii) a Director's obligations to make disclosures to the ASX and the market generally; and
- (iii) dealings by Directors in Securities in the Company.

## F.2 DIRECTORS' POWERS AND DUTIES

Each Director of the Company is required to comply strictly with the legal, statutory and equitable duties as an officer of the Company. Broadly, these duties are:

- (i) to act in good faith and in the best interests of the Company;
- (ii) to act with due care and diligence;
- (iii) to act for proper purposes;
- (iv) to avoid conflicts of interest or duty; and
- (v) to refrain from making improper use of information gained through the office of Director to
  - (i) take improper advantage of the office of Director (whether for themselves or another), or
  - (ii) cause detriment to the Company.

## F.3 GENERAL

Directors of companies owe a variety of duties to those companies which may impact upon the appropriateness of their attendance and participation in meetings of the board of directors. These duties arise as a result of the common law and also under the Corporations Act.

Directors should be aware that if they breach their fiduciary duties to the company, they may be liable to account to the entity for any profit they derive or indemnify the entity against any loss their breach has caused.

Breaches of the Corporations Act duties may also give rise to an action for damages, fines and penalties or disqualification.

### ***Common Law Fiduciary Duties***

A director is said to be in a fiduciary, as opposed to an arm's length, relationship with the Company. As such, a director will owe various fiduciary duties to the company which underlie matters relating to the conduct of a director, including attendance and participation at meetings. The positive duties of a director include the duty to act in good faith in the best interests of the company, to act for proper

corporate purposes and to give adequate consideration to matters for decision and to keep discretions unfettered.

### ***Corporations Act***

A director of a corporation will also be subject to duties imposed by the Corporations Act. They include the duty to exercise care and diligence, to exercise their powers in good faith and for a proper purpose and not to misuse their position or information obtained from their position to gain an advantage for themselves or others or cause detriment to the company.

## **F.4 GENERAL DUTIES OF DIRECTORS**

### **(a) Proper Corporate Purpose**

*Common law duty - to act for proper corporate purposes*

The duty to act for proper corporate purposes requires directors to exercise the powers granted to them for the purpose for which they were given, not for collateral purposes.

### **(b) Adequate Consideration**

*Common law duty – to give adequate consideration and duty not to fetter a director’s discretion*

The duty to give adequate consideration to matters for decision and to keep discretions unfettered requires directors to give adequate consideration to matters when exercising their discretions. They must take positive steps to inform themselves about matters and not simply acquiesce in the decision making process.

### **(c) Care and diligence**

*Common law and Corporations Act duty – to act with a reasonable degree of care and diligence in exercising a director’s powers and discharging a director’s duties*

Under the Corporations Act, a director must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they:

- (i) were a director of a corporation in the same circumstances as the company; and
- (ii) occupied the same office and had the same responsibilities as the director.

Case law on these provisions illustrates that the scope of the obligation of care and diligence will depend upon the nature of the director’s role and their position with the Company. For instance, generally executive directors will be subject to a higher standard of care and it has been held that a chairperson of a company who is also chairperson of the audit & risk management committee may have a higher duty of care than a mere non-executive.

Apart from the Corporations Act obligation, a failure of a director to act with a reasonable degree of care and diligence is also likely to be considered negligent.

### ***Business Judgement Rule***

The Corporations Act provides for a mechanism for directors to avoid a breach of their duty of care and diligence where certain parameters are met. This is known as the “business judgement rule”. All Directors of the Company are expected to be familiar with this rule.

In summary, a director who makes a business judgment is taken to meet the duty of care and diligence (whether under statute or the common law) if they:

- (i) make the judgment in good faith and for a proper purpose;

- (ii) do not have a material personal interest in the subject matter of the judgment;
- (iii) inform themselves about the subject matter of the judgment to the extent they reasonably believe to be appropriate; and
- (iv) rationally believe that the judgment is in the best interests of the corporation.

The director's or officer's belief that the judgment is in the best interests of the corporation is a rational one unless that belief is one that no reasonable person in their position would hold.

A 'business judgment' is any decision to take or not take action in respect of a matter relevant to the business operations of the Company.

Whilst the business judgement rule assists directors to avoid a breach of their duty of care and diligence both under the Corporations Act or under the common law, it does not relieve breaches of the other duties of directors, whether under the Corporations Act or otherwise, described above.

(d) **Act in Good Faith**

***Common law and Corporations Act duties:***

- (i) *To act in good faith in the best interests of the Company*
- (ii) *To act for a proper purpose*
- (iii) *Not to improperly use the director's position*
- (iv) *Not to improperly use information obtained by virtue of the director's position*

The duty to act in good faith in the best interests of the company requires directors to use their discretions honestly and with reasonable care and diligence for the purposes for which they were conferred. Directors must not promote his or her personal interest by making or pursuing a gain in circumstances in which there is a conflict, or a real possibility of a conflict, between his or her personal interests and those of the company. Additionally, a director must not act to promote the interest of a third person where there is a conflict, or a real possibility of conflict, between duties owed by the fiduciary, on the one hand, to the company and on the other, duties owed to the third person.

## **F.5 AVOIDING CONFLICTS**

***Attending and Participating in Board Meetings***

The duties in relation to conflict are of particular importance when a director is considering whether or not they should attend and participate in Board meetings.

This rule requires a director to avoid situations in which there is a "real and sensible possibility" of conflict between the director's personal interests and the company's interests. This duty is also of particular significance where directors hold multiple directorships. Whilst merely holding multiple directorships, even in competing companies, is not a breach of the rule against conflict, the rule will be breached if the director discloses confidential information which the director has gained as a result of their directorship of the other company.

Consequently, if a director has a conflicting personal interest, whether direct or indirect, in a matter to be discussed at a board meeting, they should firstly disclose this matter to the Board and secondly consider whether participating in the matter would result in a breach of their fiduciary duties.

***Material Personal Interest***

A director who has a material personal interest in a matter that relates to the affairs of the



Company is required to disclose this to the Company.

Directors of the Company who have a material personal interest in a matter generally must not attend a directors meeting while the matter is being considered or vote on the matter. However, a director may do these things if a resolution of the Board is passed to this effect or if ASIC consents.

Despite this, the same cautions must be exercised as discussed above if the other directors consent to a conflicting director participating in the meeting. The conflicting director should ensure that participation won't be in breach of their fiduciary duties or the duties imposed by the Corporations Act.

### ***Common Directorships***

These duties become particularly relevant where companies have directors in common and a decision involving a potential conflict of interest is required to be taken by one of the companies. In this case it is prudent for the common directors not to participate in the relevant Board's decision making process on that matter.

### ***Directors Providing Services to the Company***

In order to capitalise on the professional/technical expertise or experience of directors of the Company from time to time (other than in their capacity as directors), the Company may engage the services of that director (or a firm associated with the director) only on the following terms and conditions:

- (a) the scope of the consultancy (or other services) is identified, together with a schedule of estimated costs and charge out rates to be incurred with the director or their firm;
- (b) (where considered necessary or appropriate) the directors seek additional quotations for the same services; and
- (c) the consultancy services are approved by the directors.

## **F.6 CONFIDENTIALITY**

Directors of the Company will have access to any information which the Directors may consider necessary to perform their responsibilities and exercise their independent judgement when making decisions. All information received by a Director in these circumstances must be considered confidential and at all times remains the property of the Company.

Any confidential information of the Company acquired by a Director during the Director's appointment must not be disclosed by the Director, or the Director must not allow it to be disclosed, to any other person unless the disclosure is authorised by the Chairperson or is required by law or regulatory body (including the ASX).

## **F.7 INDEPENDENCE**

The Board is required to regularly assess the Independence of Directors to ensure that Directors do not have any relationship or interest that interferes with their unfettered and independent judgement, or could reasonably give the impression that the Director's Independence has been compromised.

Set out in Section A.1(c) are the principles for assessing the Independence of Directors. The Nominations Committee is responsible to considering the Independence of Directors and candidates who are to be put forward for election as a Director. In the absence a Nominations Committee, this function is performed by the Board.

Directors are required to co-operate fully with any assessment process and give all reasonable information requested.

Directors are required to fully and frankly tell the Board about anything that:

- (i) may lead to an actual or potential conflict of interest or duty;
- (ii) may lead to a reasonable perception of an actual or potential conflict of interest or duty;
- (iii) interferes with a Director's unfettered and Independent judgement or their ability to bring such judgement to bear on issues before the Board; or
- (iv) could reasonably give the impression that a Director's Independence has been compromised.

Directors are also required to tell the Company about any interest which they may have in securities of the Company (or of a related body corporate) or interest in any contract relating to those securities. This is discussed in greater detail below.

## **F.8 DEALINGS BY DIRECTORS IN SECURITIES OF THE COMPANY**

The Company strongly encourages its Directors and Employees to become shareholders in the Company. However, when a Director trades in Securities of the Company it is important to ensure that these transactions do not reflect badly on either the Director or the Company.

The Directors, along with other Employees and certain contractors, must comply with the Company's Securities Trading Policy.

## **F.9 NOTIFICATION TO ASX OF DIRECTORS' INTERESTS**

Directors must also be aware that pursuant to the provisions of the Corporations Act they are obliged to provide the ASX with appropriate notifications of their interests in the Company.

Pursuant to section 205G of the Corporations Act, directors must notify the ASX of their:

- (a) relevant interests in securities of the company or of a related body corporate;
- (b) contracts:
  - (i) to which the director is a party or under which the director is entitled to a benefit; and
  - (ii) that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the company or a related body corporate.

Directors must also ensure that the above interests are notified to the ASX in accordance with Listing Rule 3.19A. This Rule requires the Company, not the particular director, to notify the ASX of the above interests.

Accordingly, the Company is to enter into an agreement with its Directors under which the directors are obliged to provide the necessary information to the Company. An agreement of this nature, recognises that much of the information required by the ASX, under section 205G, is held by the directors, by virtue of their position and role within the Company. By entering into a formal agreement, the Company ensures that the Directors of the Company have been notified of their disclosure obligations under the Corporations Act 2001 and the Directors authorise the Company to give the information provided by directors to ASX on their behalf and as their agent.

In particular, Listing Rule 3.19A provides that:

- (a) where a director is appointed – the Company must notify the ASX of the above interest within five (5) Business Days after the appointment (the appropriate form is Appendix 3X). Accordingly, directors will provide the following information as at the date of their appointment as a director:
  - (i) details of all securities registered in their name, including the number and class of the securities;
  - (ii) details of all securities not registered in the director’s name but in which he/she has a relevant interest within the meaning of Section 9 of the Corporations Act, including the number and class of the securities, the name of the registered holder and the circumstances giving rise to the relevant interest; and
  - (iii) details of all contracts to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate, including the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued, and the nature of the director’s interest under the contract.
  
- (b) where a change in the above interests of a director occurs – the Company must outline the change in the director’s interests to the ASX no more than 5 Business Days after the change occurs (the appropriate form is Appendix 3Y). Directors will need to provide to the Company on an on-going basis, as soon as reasonably possible after the date of the change and, in any event, no later than three (3) Business Days after the date of the change:
  - (i) details of changes in securities registered in the director’s name, including the following:
    - (A) date of change
    - (B) number and class of securities held before and after the change
    - (C) nature of change (eg, on-market, off-market)
    - (D) consideration paid or received in connection with the change
    - (E) if off-market, the value of the securities the subject of the change;
  - (ii) details of changes in securities not registered in the director’s name but in which he/she has a relevant interest within the meaning of Section 9 of the Corporations Act, including the following:
    - (A) date of change
    - (B) number and class of securities held before and after the change
    - (C) name of the registered holder before and after the change
    - (D) circumstances giving rise to the relevant interest
    - (E) nature of change (eg, on-market, off-market)
    - (F) consideration paid or received in connection with the change
    - (G) if off-market, the value of the securities the subject of the change; and

- (iii) details of all changes to contracts to which the director is a party or under which the director is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate, including the following:
  - (A) date of change
  - (B) number and class of the shares, debentures or interests to which the interest relates before and after the change
  - (C) name of the registered holder if the shares, debentures or interests have been issued
  - (D) nature of your interest under the contract.
- (c) where a director ceases to be a director – the Company must notify the ASX of the interests of the director at the time the director ceases to be a director, no more than five (5) business days after the director ceases to be a director (the appropriate form is Appendix 3Z). Directors must supply to the Company as soon as reasonably possible after the date of ceasing to be a director and, in any event no later than three (3) business days after the date of ceasing to be a director, the following information:
  - (i) details of all securities registered in the director’s name, including the number and class of the securities;
  - (ii) details of all securities not registered in the director’s name but in which he/she has a relevant interest within the meaning of Section 9 of the Corporations Act, including the number and class of the securities, the name of the registered holder and the circumstances giving rise to the relevant interest; and
  - (iii) details of all contracts to which the director is a party or under which he/she is entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by, the Company or a related body corporate, including the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued, and the nature of the director’s interest under the contract.

Directors should also be aware of the substantial shareholder provisions contained in section 671B of the Corporations Act which require certain notices to be served on the Company and the ASX when a shareholder (and their associates as defined in the Corporations Act) has relevant interests in at least 5% of the issued shares in the Company and there is a change of more than 1% in those holdings.

## G.1 CONTINUOUS DISCLOSURE POLICY [PRINCIPLE 5]

### (a) Introduction

#### (i) Overview

As a listed entity, the Company must make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities. This Policy reflects Company's desire to promote fair markets, honest management and full and fair disclosure. The disclosure requirements described in this Policy must be complied with in accordance with their spirit, intention and purpose.

#### (ii) Purpose

The purpose of this Policy is to:

- (a) summarise the Company's disclosure obligations contained in the ASX Listing Rules<sup>1</sup>, the Corporations Act and incorporating the principles in the ASX Corporate Governance Principles and Recommendations<sup>2</sup>;
- (b) explain what type of information needs to be disclosed;
- (c) identify who is responsible for disclosure; and
- (d) establish a framework to enable the Company to provide shareholders and the market with timely and balanced disclosure of relevant information about the Company.

#### (iii) Scope

This Policy applies to all Directors and Employees of the Company and its controlled entities.

#### (iv) Consequences of breach

Failure to comply strictly with this Policy may result in serious civil or criminal liability for the Company and its officers and could damage the reputation of the Company.

Failure of a Director or Employee of the Company to comply with this Policy may lead to disciplinary action being taken, including removal or dismissal in serious cases.

It is important that Employees and Management at all levels understand and comply with this Policy and its procedures.

### (b) The Company's disclosure obligation

#### (i) Disclosure principles

The Company is a public company listed on ASX. It is subject to continuous disclosure obligations under the Corporations Act and the Listing Rules (which have legislative force under the Corporations Act), in addition to periodic and specific disclosure obligations.

---

<sup>1</sup> And the principles in ASX Guidance Note 8 – Continuous Disclosure: Listing Rules 3.1-3.1B.

<sup>2</sup> Principle 5 – Make timely and balanced disclosure and Principle 6 – Respect the rights of security holders.

(ii) **What information must be disclosed?**

The Company must immediately tell ASX any information concerning the Company of which it becomes aware that a reasonable person would expect to have a material effect on the price or value of the Company's Securities.<sup>3</sup>

"**Immediately**" means "promptly and without delay". The standard of promptness expected by the market, the ASX and ASIC is very high; "Promptly and without delay" means doing something as quickly as it can be done in the circumstances (acting promptly) and not deferring, postponing or putting off to a later time (acting without delay).

The Company is "**aware**" of information if a Director or officer of the Company has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a Director or officer of the Company.<sup>4</sup>

A reasonable person would be taken to expect information to have a "**material effect**" on the price or value of Securities of the Company if the information would, or would be likely to, influence persons who commonly invest in the Company's Securities in making a decision to buy or sell the Company's Securities.<sup>5</sup>

This kind of "**price-sensitive**" information may derive from the internal activities of the Company or may come from external sources, such as a joint venture partner, an unlisted entity in which the Company has an interest or a decision by a court or government body, as long as it "**concerns**" the Company.

**Annexure A** sets out a non-exhaustive list of examples of the kinds of "price-sensitive" information that the Company may be required to disclose. The examples reflect those provided by ASX in Listing Rule 3.1.

(iii) **Exceptions**

The Company's obligation to disclose price-sensitive information does not apply if, and only if, each of the three following conditions is and remains satisfied:

1. one or more of the following five situations applies:
  - it would be a breach of a law to disclose the information;
  - the information concerns an incomplete proposal or negotiation (for example, a negotiation to enter into a new contract);
  - the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  - the information is generated for the Company's internal management purposes;
  - the information is a trade secret;
2. the information is confidential and ASX has not formed the view that it has ceased to be confidential (i.e. not in the public domain); and
3. a reasonable person would not expect the information to be disclosed (for example, because the result of disclosure would be unreasonably prejudicial to the Company).

---

<sup>3</sup> Listing Rule 3.1

<sup>4</sup> Listing Rule 19.12

<sup>5</sup> Corporations Act section 677

As soon as any one of the above three elements ceases to be satisfied, for example if an incomplete proposal nears completion or information ceases to be confidential, the Company must disclose the information to ASX immediately.

All Directors and Employees of the Company must preserve the confidentiality of any price-sensitive information concerning the Company they possess. **Disclosure of price-sensitive information must occur only in accordance with this Policy.**

(c) **Disclosure Responsibility**

(i) **The Disclosure Committee**

The Company can establish a Disclosure Committee, which is comprised, as at the date of adoption of this Policy, of:

- the Chairperson of the Board;
- the Managing Director or Chief Executive Officer;
- the Chief Financial Officer; and
- the Company Secretary.

(ii) **Responsibilities of the Disclosure Committee**

The Disclosure Committee is responsible for the following matters, subject to any directions given by the Board from time to time:

- administering this Policy, monitoring its effectiveness and approving amendments to this Policy for recommendation to the Board;
- ensuring that the Company complies with its disclosure obligations;
- determining what information can or should be disclosed to the market and keeping all market sensitive information confidential;
- overseeing and coordinating the disclosure of information to the ASX, shareholders, analysts, stockbrokers, media and the public;
- educating Directors and Employees regarding their obligations and raising awareness about this Policy;
- preparing (or overseeing the preparation of), reviewing, verifying and approving proposed external announcements, other than administrative or routine announcements, and consulting with appropriate members of the Board, Management and external advisers where appropriate;
- implementing reporting processes and determining guidelines for materiality of information;
- ensuring that announcements relating to significant matters are referred to the Board; and
- approving the disclosure of information to ASX in relation to other matters.

(iii) **Responsibilities of the Board**

The Board is responsible for approving this Policy and any amendments.

The Board must approve the text of all material announcements, including those relating to financial operating reports, financial projections, statements regarding future financial performance, changes to business strategy or other material updates. The approval of all such material announcements should be appropriately minuted.

The Board is responsible for monitoring the Company's compliance with its continuous disclosure obligations (although it may appropriately delegate this responsibility).

(iv) **Responsibilities of the Company Secretary**

ASX announcements that are administrative or routine may be prepared by the Company Secretary without requiring further approval or formal consideration by the Disclosure Committee or the Board.

The Company Secretary is responsible for:

- communication with ASX in relation to Listing Rule matters;
- prior to each Board Meeting, confirming with the Disclosure Committee that there is no material requiring disclosure; and
- ensuring the Board papers include an agenda item entitled "Continuous Disclosure" (In this item, a member of the Disclosure Committee should either (i) confirm that there was no material brought to his or her attention requiring disclosure for the preceding month, or (ii) outline material which has been disclosed.

The Company Secretary will maintain a register of information disclosed to ASX, disclosed on the Company's website, decisions of the Disclosure Committee as well as other disclosures of a nature covered by this Policy (i.e. analyst briefings).

(v) **Decisions of the Disclosure Committee**

Where a decision of the Disclosure Committee is required, it must be made with the approval of [two/three] Disclosure Officers, and at least one of them must be the [Managing Director or Chief Executive Officer (or their delegate)].

Where a decision is made by the Board or the Disclosure Committee to disclose information or to recommend disclosure of information, the Disclosure Committee must ensure that the information disclosed:

- is balanced, factual and accurate; and
- is disclosed in accordance with the procedures set out in this policy; and
- takes into account information previously disclosed by the Company to the market, including financial expectations, commentary on likely results and detailed business plans or strategies.

The Company Secretary will maintain records of discussions and decisions of the Disclosure Committee.

(vi) **Who should you report information to?**

Once a Director or Employee of the Company becomes aware of information that is, or may be, price-sensitive, they should immediately refer that information to the Company Secretary or, if that is not possible, to another member of the Disclosure Committee.



(d) **Disclosure procedures**

(i) **Assessment of information for release**

Any member of the Disclosure Committee who receives information or is otherwise aware of information which they consider to be material and require disclosure under this Policy should immediately:

- forward details of the information to the other members of the Disclosure Committee;
- consult with internal divisions, its advisers or ASX (as necessary);
- prepare a market release for release to ASX;
- provide a copy of the release to the Board (if it relates to a significant matter);
- verify the statements in the market release;
- provide the market release to the Company Secretary to announce to ASX; and
- upload a copy of the market release to the Company's website.

(ii) **Release of information to ASX**

The Company must immediately notify ASX of any undisclosed price-sensitive information in accordance with the Company's legislative and regulatory disclosure obligations and the procedures set out in this Policy.

If the Company becomes aware that information that should be released to ASX has become generally available or is available to a sector of the market, and that information has not been given to ASX, the Company must immediately give the information to ASX.

Disclosure of price-sensitive information to ASX must be made by the Company acting through the Company Secretary.

(iii) **Release of information to the public**

The Company must not publicly disclose price-sensitive information until it has given that information to ASX and has received an acknowledgment from ASX that the information has been released to the market.

After an acknowledgment has been received from ASX, information disclosed in compliance with this policy should be provided by email to all Director and members of Management managers and promptly placed on the Company's website in the section containing investor information.

The Board may also determine that the disclosed information should be released to major news services and other news outlets.

(e) **Authorised spokespersons**

(i) **Identity of authorised spokespersons**

The number of authorised spokespersons of the Company must be kept to a minimum to avoid inconsistent communications and reduce the risk of material information being inadvertently disclosed to the market.

Only the following persons may act as authorised spokespersons of the Company:

- the Chairperson of the Board;
- the Managing Director or Chief Executive Officer;
- the Chief Financial Officer;
- the Company Secretary.

On specific occasions, the Board may authorise non-executive Directors or members of Management to act as authorised spokespersons of the Company.

(ii) **Employees and associated parties**

No Employee or associated party of the Company (such as consultants, advisers, lawyers, accountants, auditors, etc) is permitted to comment publicly on matters confidential to the Company.

All Employees and associated parties must be aware of their obligation to keep non-public company information confidential.

In some circumstances, Employees and associated parties of the Company may be asked to sign confidentiality agreements.

(iii) **Procedure for comment by authorised spokespersons**

The Disclosure Committee must approve the content of all public comments proposed to be made by an authorised spokesperson.

(f) **Dealing with outsiders**

(i) **Insider trading**

It is unlawful for any Director or Employee to buy, sell or otherwise deal in the Company's Securities while in possession of undisclosed price-sensitive information (for example, prior to the release of the Company's financial results or an announcement by the Company of a negotiated joint venture.

It is also unlawful for a Director or Employee in possession of undisclosed price-sensitive information to encourage someone else to deal in the Company's Securities or pass the information onto someone they know or suspect may use the information to buy or sell or otherwise deal in the Company's securities.

The Company's policy on the trading of its Securities by Directors and Employees is set out in the Securities Trading Policy.

(ii) **Media**

The Company must not provide "exclusive" interviews, stories or information to the media that contains material or price-sensitive information before that information has been disclosed to the market.

Where the Board considers it appropriate, the media may be invited to participate in the Company presentations to investors and analysts.

(iii) **Analysts**

**One-on-one and group briefings**

The Company does not permit selective disclosure of material information. All investors are to be treated in a balanced and fair fashion. One-on-one and group briefings between the Company and investors or analysts must be restricted to discussion of previously disclosed information.

If price-sensitive information is inadvertently disclosed at a briefing, the Company must immediately release that information to ASX.

Information provided to analysts and investors during a one-on-one or group briefing (such as slides) must be provided to ASX for release to the market and posted on the Company's website as soon as practical to ensure all shareholders and investors have equal access to the Company information.

**Procedure for dealing with analyst, shareholder and investor queries**

In responding to analyst, shareholder and investor queries, an authorised spokesperson must:

- only discuss information that has been publicly released;
- ensure all responses are balanced, factual and truthful; and
- confine comments on market analysts' financial projections to errors in factual information or underlying assumptions.

Where an analyst, shareholder or investor query can only be answered by disclosing price-sensitive information, the Company's authorised spokesperson must decline to answer that query. He or she should then refer the query to the Disclosure Committee so a formal decision can be made as to whether or not it is appropriate for the Company to disclose information in response to the query.

**Analyst reports and forecasts**

Where the Disclosure Committee resolves that the Company should comment on a report prepared by an analyst, the Company's comment must be restricted to information that the Company has publicly disclosed or information that is in the public domain.

The Company must not comment on analyst forecasts regarding earnings projections for the Company except:

- where the forecast differs significantly from the Company's published earnings projections (if relevant); or
- to correct any factual errors relating to publicly issued information and company statements.

The Company should not endorse, or be seen to endorse, analyst reports or the information they contain. The Company should not:

- externally distribute individual analyst projections or reports;
- refer to individual analyst recommendations on its website; or
- selectively refer, or publicly comment on individual analyst recommendations or proprietary research (except where necessary to correct a factual error in accordance with the disclosure policy).

Where the Company becomes aware that the market's earnings projections on the Company differ significantly from the Company's published earnings projections or own earnings estimates, the Company should issue a profit warning or company statement, if considered necessary by the Board, to avoid a false market.

**(g) Market speculation**

The Company should not comment on market speculation and rumour unless:

- there are factual errors contained in the speculation or rumour that could materially affect the Company;
- there is a move in the price of the Company's Securities which is reasonably referable (in the opinion of the Board) to the speculation or rumour; or
- the Company receives a formal request from ASX or a regulator.

Any comments made by the Company in response to market speculation and rumour must be authorised by the Board and must be limited to correcting factual errors.

The Company is committed to ensuring that a false market is not created in respect of the Company's Securities. If ASX considers that there is, or is likely to be, a false market in the Company's Securities and asks the Company to give information to correct or prevent a false market, the Company must give ASX any information needed to correct or prevent the false market.

**(h) Trading halts and voluntary suspension**

In order to maintain a fully informed, fair and transparent market in respect of the Company's Securities, the Company may request a trading halt from ASX where:

- confidential information about the Company is inadvertently made public and further time is required to enable the Company to prepare an appropriate public announcement; or
- the Company is preparing to make a major company announcement and is concerned to prevent speculative or insider trading (for example, where the Company plans to announce a joint venture enterprise or profit warning).

The only persons authorised to request a trading halt are the Company Secretary or a member of the Disclosure Committee or a member of the Board.

A request for voluntary suspension may only be made with the approval of the Board, the Chairperson of the Board or the Chairperson of the Audit & Risk Management Committee.

**(i) Communications**

**(i) Website**

To ensure information relevant to the Company is readily available to shareholders, investors and stakeholders, the Company will provide the following information on its website:

- all company announcements made to ASX;
- annual reports and result announcements;
- speeches and supporting material (including slides) given at investor conferences, briefings or presentations;
- company profile and contact details; and

- all written information provided to investors or stockbroking analysts.

All information posted on the Company's website must be approved by a member of the Disclosure Committee and must be continuously reviewed and updated to ensure its accuracy and relevance.

(ii) **Publications and other communications**

Where approved by the Disclosure Committee, the Company may issue company statements or publications regarding previously disclosed information, including:

- press releases;
- fact books and other corporate publications;
- publication on the Company's website; and
- broadcast via e-mail and/or fax to the Company's shareholders, institutional investors and other key stakeholders.

(j) **Monitoring compliance**

(i) **Regular review**

The Disclosure Committee must review this Policy regularly (at least annually) to determine whether it is effective.

The Company encourages all of its Directors, Management and Employees to actively consider the Company's disclosure obligations and offer suggestions as to how to improve this Policy to the Company Secretary.

(ii) **Training**

As part of the Company's commitment to its continuous disclosure obligations all Directors and Employees must:

- be issued with a copy of this Policy;
- accept the terms of this Policy, including the obligation imposed upon them to keep non-public company information confidential; and
- attend training programs (both as part of their general induction training and as part of the Company's continuous training programs) to ensure that they are aware of Company's continuous disclosure obligations and the terms of this Policy.

## **ANNEXURE A – Examples of Price Sensitive Information**

Examples of information that might need to be disclosed include the following:

- a transaction that will lead to a notable change in the nature or scale of the Company's activities;
- a material acquisition or disposal;
- the granting or withdrawal of a material licence;
- the entry into, variation or termination of a material agreement;
- becoming a plaintiff or defendant in a material lawsuit;
- the fact that the Company's earnings will be materially different from market expectations;
- the appointment of a liquidator, administrator or receiver;
- the commission of an event of default under, or other event entitling a financier to terminate, a material financing facility;
- under subscriptions or over subscriptions to an issue of securities;
- giving or receiving a notice of intention to make a takeover; and
- any rating applied by a rating agency to an entity or its securities and any change to such a rating.

## H.1 SHAREHOLDER COMMUNICATION [PRINCIPLE 6]

### (a) Purpose

The Company is committed to regularly communicating with shareholders in a timely, accessible and clear manner and does so through a number of mediums.

This Section H.1 sets out the Company's policies and processes to facilitate effective shareholder communication and involvement in the Company's business and performance.

### (b) Electronic and written communications

The Company seeks to ensure that the Annual Report to shareholders provides a clear and detailed understanding of the Company's activities, performance and position in relation to the prior reporting period. Copies of the Annual Report are posted to shareholders [unless they have elected to receive communications electronically, in which case they are emailed to shareholders]. In addition, a copy of each Annual Report can be accessed and downloaded from the Company's website at [www.stanmorecoal.com.au](http://www.stanmorecoal.com.au) or the announcements page on ASX at [www.asx.com.au](http://www.asx.com.au).

The Company is committed to complying with its continuous disclosure and regular reporting obligations under the ASX Listing Rules and the Corporations Act. These obligations and the Company's policies concerning disclosure are set out in its Continuous Disclosure Policy, summarised in G.1 above. As such, the Company provides shareholders and the market with timely disclosure (unless an exception applies in which case disclosure may be delayed or withheld) of material information concerning the Company which has or could reasonably be expected to have a material effect on the price or value of the Company's securities.

Copies of all announcements made by the Company can be accessed and downloaded from the Company's website at [www.stanmorecoal.com.au](http://www.stanmorecoal.com.au) or the announcements page on ASX at [www.asx.com.au](http://www.asx.com.au). Periodically, the Company will post or email communications directly to shareholders, copies of which are available on the Company and ASX websites.

### (c) Company's website

The Company's website ([www.stanmorecoal.com.au](http://www.stanmorecoal.com.au)) contains information about the Company and its business as well as information specifically relevant to shareholders, including shareholder communications, market announcements and related information. Investor information is posted in a separate section on the website from other material about the Company.

Relevant media releases, market announcements and the Company's policies and charters are available on the Company's website.

### (d) Use of electronic and other technology

In the interests of efficiency, the Company (including through its share registry) sends all communications to Shareholders electronically unless they have elected to receive communications by post. The Company will post a copy of any Shareholder communication to a Shareholder who requests a printed copy.

Shareholders can at any time elect to receive communications from the Company (and its share registry) by post rather than electronically, by contacting the share registry and updating their details to record this communication instruction.

The Company may consider the use of other reliable technologies as they become widely available and accepted.

(e) **Shareholder meetings**

General meetings of shareholders are an opportunity for the Company to communicate with Shareholders.

The Company's Board encourages the participation of Shareholders at general meetings of shareholders, and in particular, the Annual General Meeting. In particular, Shareholders are encouraged to attend (in person, by proxy or through electronic means (if available)) to not only vote at meetings, but to ask questions of Directors, members of Management and the external auditor.

The Company's external auditor attends each annual general meeting and is available to answer questions concerning the conduct of the external audit and the auditor's report.

The Company conducts general meetings in accordance with its Constitution, the Corporations Act and the ASX Listing Rules, including the preparation of notices of meeting. Notices of meeting for general meetings clearly, concisely and accurately set out the business to be considered at the meeting by shareholders. Notices of meeting are emailed to Shareholders (or posted if the Shareholder has elected to receive communications by post rather than electronically) and are available on the Company and ASX websites.

(f) **Shareholder inquiries**

Any shareholder inquiry that is not resolved by the share registry is referred to the Company Secretary or their delegate. Shareholder inquiries about corporate performance or requests for corporate information are referred to the Chief Executive Officer and Investor Relations.

(g) **Share registry and contact details**

Shareholders who wish to update their personal details, including contact information, elect to receive communications by post rather than electronically, or wish to ask a question relating to their shareholding, can contact their broker or the Company's share registry, Link Market Services Limited.

Link Market Services Limited's contact details are:

Address	Level 15, 324 Queen Street, Brisbane QLD 4000
Telephone	1300 554 474 (within Australia) or (07) 3320 2200
Email	registrars@linkmarketservices.com.au
Website	www.linkmarketservices.com.au

(h) **Shareholder privacy**

The Company considers the privacy of shareholders is important and will not disclose registered shareholder details unless and only to the extent required by law. The use of shareholder details is in accordance with applicable privacy laws.