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# **Corporate Governance Statement**

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## CORPORATE GOVERNANCE POLICIES RELATING TO ALTERRA LIMITED and ALL SUBSIDIARY COMPANIES

### BOARD CHARTER

#### PART A – DEFINING GOVERNANCE ROLES

##### 1. ROLE OF THE BOARD

###### 1.1 Function

The Board of Directors of Alterra Limited at a meeting held on 20 June 2017 have approved the following charter formalising the functions and responsibilities of the Board (Board Charter). The Board is ultimately responsible for all matters relating to the running of the Company.

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

###### 1.2 Objective

The objective of the Board is to provide an acceptable rate of return to the Company's shareholders taking into account the interests of the company's employees, customers, suppliers, lenders and the communities in which it operates.

###### 1.3 Responsibilities

The Board is responsible for:

- (a) Overseeing and approving the Company's strategic and operating objectives;
- (b) Reviewing and approving the Company's financial position, systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- (c) Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestments;
- (d) Being responsible for the Company's senior management and personnel including appointing and, where appropriate, removing the Chairman;
- (e) Ratifying the appointment, and where appropriate, the removal of the Managing Director (if applicable) and the Company Secretary;

- (f) Evaluating the performance of the executive directors and the senior management team and determining their remuneration;
- (g) Delegating appropriate powers to the executive directors and senior management to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;
- (h) Ensuring that policies and procedures are in place consistent with the Company's objectives, and that the Company and its officers act legally, ethically and responsibly in all matters.
- (i) Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chairman, being the key interface between the Company and its shareholders.

## 2. RESERVED POWERS

Without adjuvating its responsibilities as identified within this Board Charter or under the Corporations Act the Board reserves the following powers for itself and delegates powers to act on matters not identified as RESERVED to the Managing Director and other Officers of the Company and its Subsidiaries. RESERVED POWERS are:

- 2.1 Authorising any additions or edits to The Corporate Governance Statement
- 2.2 Binding the Company to a new agreement or investment worth in excess of \$100,000.
- 2.3 Making key appointments including the Chair, the Managing Director, the Company Secretary, or any Officer or Manager on a salary above \$150,000.
- 2.4 Authorising the Directors and Officers Indemnity Insurance Policy.
- 2.5 Authorising policies including those relating to travel and accommodation.
- 2.6 Authorising the STRATEGIC PLAN and annual budgets.
- 2.7 Authorising unbudgeted expenditure above \$100,000 or other such limit as may be attached to a particular project from time to time.
- 2.8 Authorising price sensitive ASX announcement's.
- 2.9 Authorising the acceptance of records of Board Meetings as being true and correct.
- 2.10 Authorising such recommendations and plans as formally put to the Board by management at Board meetings.

## 3. BOARD STRUCTURE

### 3.1 Number of Directors

The Board has determined that, consistent with the size of the Company and its activities, the Board shall be comprised of between 3 and 6 Directors.

The Board recognises that best practice occurs when the Board comprises a majority of non-executive directors. The Board continues to strive to meet the Principles of Good Corporate Governance and Best Practice Recommendations published by the ASX or other such principles and guidance as the Board may consider appropriate from time to time. The Board aims to assess the independence of the Company's non-executive Directors on an ongoing basis requiring full disclosure where conflicts of interests arise.

## 3.2 Appointment of Directors

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to Board's duties and physical ability to undertake Board's duties and responsibilities.

A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

## 3.3 Duration of Appointment

In the interest of ensuring a continual supply of new talent to the Board, all Directors with the exception of the Managing Director will serve for a period of three years before they are requested to stand down for re-election. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director.

## 4. THE ROLE OF INDIVIDUAL DIRECTORS

### 4.1 Expectations of Directors in Board Process

At the Company, it is expected that Directors shall, in good faith, behave in a manner that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the Board.

Directors are expected to be forthright in Board meetings and have a duty to question, request information, raise any issue, and fully canvas all aspects of any issue confronting the Company, and cast their vote on any resolution according to their own judgment.

Outside the boardroom, however, Directors will support the latter and spirit of Board decisions in discussions with all stakeholders including any shareholders, special interest groups, customers, staff, suppliers and any other parties.

Directors will keep confidential all Board discussions and deliberations. Similarly, all confidential information received by a Director in the course of the exercise of the Director's duties remains the property of the Company and is not to be discussed outside the boardroom. It is improper to disclose it, or allow it to be disclosed, unless that disclosure had the appropriate authorisation.

### 4.2 Conflict of Interest and Related Party Transactions

#### 4.2.1 *Conflicts of Interest*

Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director and the interests of the Company. Whether an interest is material or not is covered by the materiality threshold set by the Board. On appointment, Directors will have an opportunity to declare any such interests and they will be entered into the Company's Register of Ongoing Conflicts of Interests.

Directors should update this disclosure by notifying the Company Secretary in writing as soon as they become aware of any conflicts. Directors are also expected to indicate to the Chairman any actual or potential conflict of interest situation as soon as it arises. To ensure Directors have an opportunity to disclose new conflicts of interest, the first agenda item for each Board meeting will be the disclosure of any conflicts of interest. Any amendments to disclosures are to be tabled at this time and entered into the Register of Ongoing Conflicts of Interest.

The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot or is unwilling to remove a conflict of interest, then the Director must absent himself or herself from the room when discussion and voting occur on matters to which the conflict relates. The entry and exit of the Director concerned will be minuted by the Company Secretary. Directors do not have to absent themselves when either (a) conflict of interest relates to an interest common to all Company members/shareholders, or (b) the Board passes a resolution that identifies the Director, the nature and extent of the Director's interest and clearly states that the other Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.

## 4.2.2 *Related Party Transactions*

Related party transactions include any financial transaction between a Director or officer and the Company and will be reported in writing to each Board meeting.

In general, the Corporations Act requires related party transactions to be approved by the shareholders; the Board cannot approve these transactions. An exemption to this requirement occurs where the financial benefit is given on arm's length terms.

To assist the Board in showing that a financial benefit, such as the awarding of a contract to a company in which a Director is a partner, is given on arm's length terms, the process outlined below (Potential Related Party Transaction) will be followed. The Board has also resolved that where applications are made by a related party to a Director or officer of the Company then the Director or officer shall exclude himself or herself from the approval process.

Related party for this process means:

- (a) a spouse or de facto spouse of the Director or officer; or
- (b) a parent, son or daughter of the Director or officer or their spouse or de facto spouse; or
- (c) an entity over which the Director or officer or a related party defined in (a) or (b) has a controlling interest.

The Company Secretary will maintain a Register of Related Parties Transactions as well as the Register of Ongoing Conflicts of Interests to be updated within the Corporate Governance Manual.

## 4.3 **Emergency Contact Procedures**

As there is the occasional need for urgent decisions, Directors should leave with the Company Secretary any contact details, either for themselves or for a person who knows their location, so that all Directors can be contacted within 24 hours in cases of a written resolution or other business.

## 5. **THE ROLE OF THE CHAIRMAN**

The Chairman's role is a key one within the Company. The Chairman is considered the "lead" Director and utilises his/her experience, skills and leadership abilities to facilitate the governance processes.

There are two main aspects to the Chairman's role. They are the Chairman's role within the boardroom and the Chairman's role outside the boardroom.

### 5.1 **Inside the Boardroom**

Inside the boardroom the role of the Chairman is to:

- (a) Establish the agenda for Board meetings in consultation with the Board;
- (b) Chair Board meetings. It is common practice that if the Chairman is not present within 10 minutes after the time appointed for the holding of that meeting, a Director chosen by a majority of Directors present shall assume the role;
- (c) Be clear on what the Board has to achieve, both in the long and short term;
- (d) Provide guidance to other Board members about what is expected of them;

- (e) Ensure that Board meetings are effective in that:
  - the right matters are considered during the meeting (for example, strategic and important issues);
  - matters are considered carefully and thoroughly;
  - all Directors are given the opportunity to effectively contribute; and
  - the Board comes to clear decisions and resolutions are noted;
- (f) Brief all Directors in relation to issues arising at Board meetings;
- (g) Ensure that the decisions of the Board are implemented properly;
- (h) Ensure that the Board behaves in accordance with its Code of Conduct; and
- (i) Commence the annual process of Board and Director evaluation.

## 5.2 Outside the Boardroom

Outside the boardroom the role of the Chairman is to:

- (a) In conjunction with the Managing Director, undertake appropriate public relations activities;
- (b) Be the spokesperson for the Company at the AGM and in the reporting of performance and profit figures;
- (c) Be the major point of contact between the Board and the Managing Director;
- (d) Be kept fully informed of current events by the Managing Director on all matters which may be of interest to Directors;
- (e) Regularly review with the Managing Director, and such other senior officers as the Managing Director recommends, progress on important initiatives and significant issues facing the Company;
- (f) Provide mentoring for the Managing Director; and
- (g) Initiate and oversee the annual Managing Directors evaluation process.

## 6. THE ROLE OF THE COMPANY SECRETARY

The Company Secretary is charged with facilitating the Company's corporate governance processes and so holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. The Company Secretary is accountable to the Board, through the Chairman, on all governance matters and reports directly to the Chairman as the representative of the Board. The Company Secretary is appointed and dismissed by the Board and all Directors have as of right access to the Company Secretary.

The tasks of the Company Secretary shall include:

### 6.1 Meetings and Minutes

- (a) Notifying the directors in writing in advance of a meeting of the Board as specified in the Constitution;
- (b) Ensuring that the agenda and Board papers are prepared and forwarded to Directors prior to the Board meeting as set out in the Board Policy Manual;
- (c) Recording, maintaining and distributing the minutes of all Board and Board Committee meetings as required;
- (d) Maintaining a complete set of Board papers at the Company's main office.
- (e) Preparing for and attending all annual and extraordinary general meetings of the Company; and
- (f) Recording, maintaining and distributing the minutes of all general meetings of the Company.



## 6.2 Compliance

- (a) Overseeing the Company's compliance program and ensuring all Company legislative obligations are met;
- (b) Ensuring all requirements of ASIC, the ATO and any other regulatory body are fully met; and
- (c) Providing counsel on corporate governance principles and Director liability.

## 6.3 Governance Administration

- (a) Maintaining the Register of Ongoing Conflicts of Interests and the Register of Related Party Transactions;
- (b) Maintaining a Register of Company Policies as approved by the Board;
- (c) Maintaining, updating and ensuring that all directors have an up-to-date copy of the Board Charter and associated governance documentation;
- (d) Maintaining the complete list of the delegations of authority;
- (e) Reporting at each Board meeting the documents executed under a power of attorney, documents executed in accordance with section 127 of the Corporations Act, and reporting on the use of the seal register; and
- (f) Any other services the Chairman or Board may require.

## 7. THE ROLE OF THE MANAGING DIRECTOR

Depending on the management structure deemed appropriate at any time the senior executive of the Company may be referred to as the: Managing Director; Executive Director; Chief Executive Officer; and for the purpose of this document the alternative terms have the same meaning.

The Managing Director (MD) is responsible for the attainment of the Company's goals and vision for the future, in accordance with the strategies, policies, programs and performance requirements approved by the Board. The position reports directly to the Board.

The MD's primary objective is to ensure the ongoing success of the Company through being responsible for all aspects of the management and development of the company. The MD is of critical importance to the Company in guiding the company to develop new and imaginative ways of winning and conducting business. The MD must have the industry knowledge and credibility to fulfil the requirements of the role. The MD will manage a team of executives responsible for all functions contributing to the success of the Company.

The MD's specific responsibilities will include:

- (a) Develop, in conjunction with the Board, the Company's vision, values, and goals;
- (b) Responsibility for the achievement of corporate goals and objectives;
- (c) Development of short, medium and long term corporate strategies and planning to achieve the Company's vision and overall business objectives;
- (d) Preparation of business plans and reports with the senior management; developing with the Board the definition of ongoing corporate strategy; implementing and monitoring strategy and reporting/presenting to the Board on current and future initiatives;

- (e) Advise the Board regarding the most effective organisational structure and oversee its implementation;
- (f) Assessment of business opportunities of potential benefit to the Company;
- (g) Responsibility for proposals for major capital expenditure to ensure their alignment with corporation strategy and justification on economic grounds;
- (h) Sustain competitive advantage through maximising available resources, encouraging staff commitment and strategically aligning the corporate culture with the organisation's goals and objectives;
- (i) Establish and maintain effective and positive relationships with Board members, shareholders, customers, suppliers and other government and business liaisons;
- (j) Undertake the role of key company spokesperson;
- (k) Recommend policies to the Board in relation to a range of organisational issues including delegations of authority, consultancies and performance incentives;
- (l) Ensure statutory, legal and regulatory compliance and comply with corporate policies and standards;
- (m) Ensure appropriate risk management practices and policies are in place;
- (n) Develop and motivate direct reports and their respective teams;
- (o) Select and appoint key staff (direct reports); and
- (p) Ensure there is an appropriate staff appraisal system in place in the Company.

## PART B – BOARD PROCESSES

### 8. BOARD MEETINGS

Board meetings are a fundamental component of governance processes. Each Board meeting is critical, as it is the main opportunity for directors to:

- (a) obtain and exchange information with the senior management team;
- (b) obtain and exchange information with each other; and
- (c) make decisions.

The Board meeting agenda is equally as important because it shapes the information flow and subsequent discussion.

#### 8.1 Meeting Frequency

The Board will meet approximately 5 times per year but no less than 3 times per year and, unless otherwise agreed.

#### 8.2 Meeting Location

The Board currently meets at Suite 1, Level 1, 25 Walters Drive, Osborne Park, WA 6017.

## 8.3 Meeting Cycle

To assist the smooth running of Board processes, the Board has adopted an indicative monthly cycle as follows.

- (a) Circulate Agenda and Board Papers to the Board and invitees 5 days prior to the meeting.
- (b) Draft minutes of meeting to be sent to Chairman and other directors within 14 days following the meeting.
- (c) Please note, that this is an indicative cycle only. The actual timing of events in the lead up to and follow up from Board meetings will be dependent upon the circumstances surrounding each individual meeting.

## 8.4 Conduct of Meeting

The Chairman will determine the degree of formality required at each meeting while maintaining the decorum of such meetings. As such, the Chairman will:

- (a) ensure that all members are heard;
- (b) retain sufficient control to ensure that the authority of the Chair is recognised. This may require a degree of formality to be introduced if this is necessary to advance the discussion;
- (c) take care that the decisions are properly understood and well recorded; and
- (d) ensure that the decisions and debate are completed with a formal resolution recording the conclusions reached.

When the Chairman does not arrive within 10 minutes after the time appointed for the holding of the meeting, or is unable or unwilling to act, the directors involved must elect one of their number to be a chairman of the meeting.

## 8.5 Quorum and Voting at Meetings

In order for a decision of the Board to be valid, a quorum of directors must be present. As per Clause 13.14 of the Company's Constitution, the number of Directors whose involvement is necessary to constitute a quorum is two (2), or such greater number as determined by the Directors from time to time. Questions arising at Board meetings are to be decided by a majority of votes of Directors who are present and entitled to vote.

## 8.6 Emergency Decision Making – Written Resolutions

As per Clause 13.25 of the Company's constitution, a resolution in writing signed by all Directors for the time being, or their respective alternate Directors, shall be valid and effectual as if it had been passed at a Directors' meeting duly convened and held. Any such resolution may consist of several documents in the like form but each document must contain a statement that the directors are in favour of the resolution and the wording of the resolution and the statement of the Directors must be identical, each document signed by one or more Directors.

## 9. BOARD MEETING AGENDA

### 9.1 Agenda Content

An agenda will be prepared for each Board and Committee meeting. In general, it may contain some or all of the following topics:

- (a) Minutes of the previous meeting / Matters arising
- (b) Operational Overview
- (c) Corporate Matters
- (d) Potential investments, acquisitions;
- (e) Share Registry / Investor Relations;
- (f) Other Business

### 9.2 Agenda Preparation

The Managing Director, in consultation with the Chairman is responsible for preparing an agenda for each Board meeting. However, any director may request items to be added to the agenda for upcoming meetings. The Company Secretary circulates the agenda to all directors in accordance with the guidelines at 7.3.

## 10. BOARD PAPERS

### 10.1 Preparation and Circulation of Board Papers

The Company Secretary together with the Managing Director is responsible for the preparation and circulation of Board papers. The Board papers will be circulated to all Directors prior to the Board meeting. If a Board paper relates to a matter in which there is a known conflict of interest with a particular Director then the relevant Board paper will be removed by the Company Secretary on the instructions of the Chairman, from the set of Board papers sent to that Director. In the case of the Chairman having a conflict of interest, the Board will appoint another Director to make final decisions on the forwarding of Board papers to the Chairman.

### 10.2 Retention of Board Papers

The Company Secretary maintains a complete set of Board papers at the Company's headquarters. However, individual Directors may retain their own Board papers in a secure location.

## 11. BOARD MINUTES

Minutes are to be a concise summary of the matters discussed at a Board Meeting. Minutes will contain a brief reference to relevant Board papers tabled plus any official resolutions adopted by Directors.

All decisions will be recorded in the minutes by means of a formal resolution.

## 12. COMMITTEES

The Board has decided that there is no current requirement for the formation of any committees outside of the Board forum.

## PART C – KEY BOARD FUNCTIONS

### 13. THE BOARD AND STRATEGY

Each year the Board will approve a formal strategic planning process that articulates the respective roles and levels of involvement of the Board, Senior Management and other employees and will review the strategic plan for the Company.

### 14. COMPLIANCE

The Board is charged with overseeing, reviewing and ensuring the integrity and effectiveness of the Company's compliance systems. The Chairman with input from the Company Secretary is responsible for overseeing the Company's compliance systems and reporting to the Board on those systems.

## PART D – CONTINUING IMPROVEMENT

### 15. DIRECTOR PROTECTION

#### 15.1 Information Seeking Protocol

Directors will adhere to the following protocol when seeking information:

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

#### 15.2 Access to Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

#### 15.3 Access to Board Papers

The Directors have the right to access board papers as granted by the Corporations Act.

## PART E – CORPORATE GOVERNANCE POLICIES

The following represent the Corporate Governance Policies adopted by the Board of Alterra Limited.

### 16. CODE OF CONDUCT FOR DIRECTORS & EMPLOYEES

This Code of Conduct addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board, and will be published on the Company's website. This code applies equally to all employees, directors and officers of the Company.

#### 16.1 Purpose

All stakeholders are entitled to expect the highest professional standards from employees, directors and officers of the Company. Compliance with this Code and Alterra Limited's other policies, will ensure compliance with the Corporations Act and will contribute to the good corporate governance of the Company.

#### 16.2 Discharge of Duties

Directors must discharge their duties at the highest levels of honesty and integrity, acting in good faith and in the best interests of the whole Company, having regard to their position, and the organisation's goals and objectives. This entails taking personal responsibility for all issues over which they have control, and for reporting any observed breaches of laws or regulations. It also requires that they do not act in ways which would lead others to question our commitment to Alterra Limited.

As appointed officers all Alterra, Directors will undertake diligent analysis of all proposals placed before the Board, demonstrate commercial reasonableness in decision-making and will act with a level of skill expected from Directors and key executives of a publicly listed Company;

#### 16.3 Relationships

Performance-enhancing teamwork relies on a workplace where people are treated fairly, are respected by their colleagues, and encourage each other to develop corporately and personally. All Directors and key executives are all responsible for making this happen.

Alterra is an equal opportunity employer, and discrimination or harassment of any kind will not be tolerated.

In dealings both inside and outside the Company individual Directors will value integrity, accuracy, conciseness and timeliness.

#### 16.4 Compliance with Laws and Ethics

Directors must respect the laws, customs and business practices of the countries in which we operate, without compromising the Code principles. They must also comply with the ethical and technical requirements of relevant regulatory and professional bodies, promote ethical behaviour and will not engage in conduct likely to bring discredit upon the Company.

## 16.5 Conflicts of Interest

All Directors have an obligation to be independent in judgment and actions and as Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board. In a circumstance where personal interests may conflict with those of Alterra, or its stakeholders, steps must be taken to eliminate or manage such conflict. Gifts or entertainment must not be accepted where they could create an obligation on Alterra to outside parties.

## 16.6 Confidentiality

Employees in possession of commercially sensitive information should not disseminate it to colleagues unnecessarily, and certainly not to outside parties. The Managing Director, or his nominee, is the only officer authorised to represent the official views of Alterra to outside parties.

All individuals are prohibited by law from trading in Alterra shares if they possess commercially sensitive information not released to the ASX. The Board has adopted a Share Trading Policy governing when Directors, key executives and employees are able to buy and sell Alterra Limited shares.

## 16.7 Use of Company Assets

Alterra assets are critical to its business and future success. They include, for example, office and plant equipment. Employees cannot make personal use of assets without permission. There will be no unreasonable expenditure on benefits such as gifts or entertainment for employees or outside parties.

## 16.8 Competition

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

## 16.9 Environment, Health and Safety

The Company must take into account the impact of environmental, health and safety issues when making business decisions. In particular, compliance with local laws. These form part of a separate Health and Safety and Environmental Policy.

## 16.10 Review of Code of Conduct

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

## 17. SHARE TRADING POLICY

The Company's securities trading policy regulates dealings by directors, officers and employees in securities issued by the Company. In certain circumstances this policy also applies to contractors and consultants.

This policy imposes basic trading restrictions on all employees of the Company and its related companies who possess inside information and additional trading restrictions on Key Management Personnel, being those persons having authority and responsibility for planning, directing and controlling the activities of the entity, including any director (whether executive or otherwise). The Company considers its Key Management Personnel to include:

- (a) all directors;
- (b) all executives reporting directly to the Chief Executive Officer; and

- (c) any other employee of the Company considered to be Key Management Personnel by the Managing Director from time to time.

## 17.1 General Restrictions When in Possession of Inside Information

### 17.1.1 Insider trading laws

Insider trading laws cover all directors and employees of the Company. If a person is in possession of any unpublished price-sensitive information, it is a criminal offence to take advantage for personal gain or that of an associate.

Price-sensitive information is any information which if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities, or would be likely to influence a person in deciding whether to buy or sell the Company's securities.

Employees and directors must not sell or purchase securities while there exists any matter which constitutes unpublished price-sensitive information in relation to the Company's securities.

### 17.1.2 Confidential information

Employees and directors also have a duty of confidentiality to the Company. A person must not reveal any confidential information concerning the Company, use that information in any way which may cause loss to the Company, or use that information to gain an advantage for themselves or anyone else.

## 17.2 Additional Trading Restrictions for Key Management Personnel

In accordance with ASX Listing Rules additional restrictions on trading in the Company's securities apply to the Company's Key Management Personnel. Key Management Personnel generally hold positions where it can be assumed that they will have inside information regarding the Company. Accordingly, additional requirements apply for any proposed trading in shares by Key Management Personnel.

### 17.2.1 Prohibited Periods

Key Management Personnel must not trade in the Company's securities, or in financial products issued or created over or in respect of the Company's securities, during a **Prohibited Period**.

A Prohibited Period means any **Closed Period** (see definition below) and any additional period when Key Management Personnel are prohibited from trading, which are imposed by the Company from time to time when the Company is considering matters which are subject to Listing Rule 3.1A.

Closed Period means the period one week before to one day after the announcement of:

- (a) the Company's annual results (or, if shorter, the period from its financial year end to the time of publication);
- (b) the Company's half year results (or, if shorter, the period from its half year end to the time of publication);
- (c) the Company's quarterly results (or, if shorter, the period from the relevant financial period end up to and including the time of the announcement).



## 17.2.2 *Exceptional Circumstances*

In exceptional circumstances, the Chairman (or the Managing Director where applicable) may provide written clearance to Key Management Personnel to trade in a Prohibited Period if:

- (a) the sale of the Company's securities is necessary to alleviate severe personal hardship;
- (b) the Key Management Personnel has entered into a binding commitment prior to the Company being in a Prohibited Period where it was not reasonably foreseeable at the time the commitment was made that a Prohibited Period was likely;
- (c) the Key Management Personnel is required by a court order, or there are court enforceable undertakings to transfer or sell the securities of the Company or there is some other overriding legal or regulatory requirement for him or her to do so;
- (d) there are other circumstances which have not been identified in this Securities Trading Policy, that are deemed exceptional by the Chairman, or the Managing Director where the Chairman is involved, and the proposed sale or disposal of the relevant securities is the only reasonable course of action available.

## 17.2.3 *Requirements before trading*

Before trading, or giving instructions for trading in the Company's securities, a Key Management Personnel must:

- (a) notify the Chairman in writing of his intention to trade;
- (b) confirm that he does not hold any inside information;
- (c) if he is seeking clearance to trade in exceptional circumstances, provide full disclosure of such circumstances;
- (d) have been notified in writing by the Chairman (such response to be provided as soon as practicable upon receipt of notification) that there is no reason to preclude him from trading in the Company's securities as notified; and
- (e) comply with any conditions on trading imposed by the Chairman (including, for example, any time limits applicable to the clearance).

Where the Chairman intends to trade in the Company's securities, he must notify and obtain clearance in the abovementioned manner from at least one other director before trading, or giving instructions for trading.

Written notification under this Securities Trading Policy via email is acceptable.

## 17.2.4 *Director Notification of trading*

Directors must notify the Company Secretary of any dealings in the Company's securities immediately any such dealings occur. The Directors appoint the Company as their agent for the purposes of compliance with the disclosure requirement on Directors share trading contained in ASX Listing Rule 3.19. Directors shall be responsible for providing information to the Company Secretary in order for him/her to ensure compliance with Listing Rule 3.19.

If the Director engaged in trading during a Closed Period, the Director must confirm to the Company Secretary that written clearance to trade was provided by the Chairman and the date on which this was provided.

## 17.3 Trading Not Subject to the Trading Policy

The following is excluded from the operation of this Trading Policy:

- (a) transfers of securities of the Company already held into a superannuation fund or other saving scheme in which the Restricted Person is a beneficiary;
- (b) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) where a Restricted Person is a trustee, trading in the securities of the Company by that trust provided that the Restricted Person is not a beneficiary of the trust and any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the Restricted Person;
- (d) undertakings to accept, or the acceptance of a takeover offer;
- (e) trading under an offer or invitation made to all or most of the security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy back, where the plan that determines the timing and structure of the offer have been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take-up of the balance of entitlements under a renounceable pro rate issue;
- (f) disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangements;
- (g) the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Closed Period;
- (h) trading under a non-discretionary trading plan for which prior written clearance has been provided by the Board and:
  - the Restricted Person did not enter the plan or amend the plan during a Closed Period;
  - the trading plan does not permit the Restricted Person to exercise any influence or discretion over how, when or whether to trade; and
  - the trading plan cannot be cancelled during a Closed Period except in exceptional circumstances.

## 17.4 Breaches of policy

Strict compliance with this policy is a condition of employment.

## 17.5 General

The requirements imposed by this policy are separate from and additional to, the legal prohibitions in the Corporations Act on insider trading.

This policy is reviewed annually.

## 18. SHAREHOLDER COMMUNICATION STRATEGY

The Board of Directors aims to ensure that Shareholders are informed of all major developments. Information is communicated to Shareholders as follows:

### 18.1 Reports to Shareholders

The Annual Report is distributed to all Shareholders (unless a Shareholder has specifically requested not to receive the Report). The Board ensures that the Annual Report includes relevant information about the operations of the Company during the year, changes in the state of affairs of the Company and details of future developments, in addition to the other disclosures required by the Corporations Act 2001.

The Half-yearly Report contains summarised financial information and a review of the operations of the Company during the period. Half-yearly audited Financial Statements prepared in accordance with the requirements of Accounting Standards and the Corporations Act 2001 are lodged with the Australian Securities & Investments Commission and the Australian Stock Exchange. The Financial Statements are sent to any Shareholder who requests them.

### 18.2 ASX Announcements

Regular reports are released through the Australian Stock Exchange and the media.

### 18.3 Annual General Meetings

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. In preparing for general meetings of the Company, the Company will draft the notice of meeting and related explanatory information so that they provide all of the information that is relevant to shareholders in making decisions on matters to be voted on by them at the meeting. This information will be presented clearly and concisely so that it is easy to understand and not ambiguous.

The Company will use general meetings as a tool to effectively communicate with shareholders and allow shareholders a reasonable opportunity to ask questions of the Board of Directors and to otherwise participate in the meeting.

The external auditor of the Company will be asked to attend each annual general meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Important issues are presented to the shareholders as single resolutions. The shareholders are also responsible for voting on the appointment of directors.

### 18.4 Company Website

The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company.

In particular, where appropriate, after confirmation of receipt by the ASX, the following will be posted to the Company website:

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

The Company's website is [www.alterra.com.au](http://www.alterra.com.au)

## 18.5 Other Information

While the Company aims to provide sufficient information to shareholders about the Company and its activities, it understands that shareholders may have specific questions and require additional information. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has published on its web site a telephone number and email address for enquiries.

## 19. ENVIRONMENTAL POLICY

The company's aim is to achieve environmentally sound and efficient management practices of its operating activities to ensure long term sustainability, minimal degradation and impact on surrounding ecosystems.

The objectives of Alterra's environmental program are as follows:

- (a) to comply with the applicable environmental laws, regulations, tenement and permit conditions as a minimum standard for its environmental practices and management procedures;
- (b) to liaise with Government bodies, statutory authorities, local communities and environmental management groups to maintain a pro-active environmental stance on environmental issues;
- (c) to facilitate education of employees and contractors in relation to their roles and responsibilities in environmental management in respect to the company's activities; and
- (d) to undertake regular monitoring, audit and review of environmental procedures or practices as are appropriate to reflect the company's corporate responsibility in environmental matters.

## 20. ANIMAL WELFARE POLICY

The company's aim is to implement ethical management, procedures, and practices that result in animal welfare outcomes of the highest standards. The Company will ensure its practices are consistent with relevant Government Regulations and Industry Body guidelines including those published by:

- (a) Australian Animal Welfare Standards and Guidelines for the Welfare of Animals.
- (b) Dairy Australia.
- (c) The Code of Practice for the Transportation of Cattle in Western Australia.

## 21. SAFETY POLICY

The health and safety of all personnel at Alterra Limited projects is of serious and fundamental concern to Alterra Limited.

Alterra's aim is to conduct operations in an efficient and profitable way while providing:

- (a) a healthy and safe workplace;
- (b) information on the hazards of the workplace and training in how to work safely; and
- (c) consultation at all staff levels on health and safety matters.

No employee is expected to carry out activities which he/she reasonably considers to be unsafe.

All on-site personnel must be aware that they have a responsibility to work safely and raise health and safety concerns as soon as they arise.

## 22. MATERIALITY STATEMENT

The Board has determined that a material relationship exists where one of the following criteria is met:

- (a) A substantial shareholder is as defined under section 9 of the Corporations Act, being a shareholder which has greater than 5% or more of the total voting share capital in a body corporate.
- (b) A material professional adviser or consultant is one whose commercial relationship sees more than 5% of the adviser's/consultant's total annual revenue or \$50,000 (whichever the lesser) being attributable to the Company or its associated companies.
- (c) A material supplier to the Company is one where the amount of goods and/or services supplied to the Company (or its associated companies) exceeds either
  - \$3,000,000;
  - 5% of the Company's total costs; and/or
  - 5% of the supplier's total revenue (whichever is the lesser).
- (d) A material customer of the Company is one where the amount of goods and/or services supplied by the Company (or its associated companies) exceeds either
  - \$2,000,000;
  - 2% of the Company's total revenue; and/or
  - 5% of the customers total costs (whichever is the lesser).

Any other contractual relationships are considered material where the annual total of goods or services exceeds \$10,000 for an individual or \$50,000 for a company

## 23. REMUNERATION & NOMINATION COMMITTEE CHARTER

The Company is not of a sufficient size or scale to warrant the implementation of a full remuneration or nomination committee. These functions will be provided by the board as a whole. The Company does however have procedures for the Board to follow in implementing the best practices of a remuneration and nomination committee. These are contained within the Board performance evaluation policy.

This policy will be reviewed on an ongoing basis.

## 24. RISK MANAGEMENT STATEMENT

The Board is responsible for the oversight of the Group's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and control framework. The primary objectives of the risk management system at the Company are to ensure:

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

In line with these objectives the risk management system covers:

- (a) Operations risk;
- (b) Financial reporting; and
- (c) Compliance / regulations
- (d) system/IT process risk

Arrangements put in place by the Board to monitor risk management include:

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

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

## 25. DISCLOSURE STRATEGY

### 25.1 Purpose

This policy is designed to ensure that Alterra Limited, as an ASX Listed Public Company, complies with the disclosure requirements of the ASX Listing Rules.

It also aims to ensure that senior management are accountable for ensuring compliance with these requirements.

### 25.2 Requirements

ASX Listing Rules, Chapter 3, requires the immediate notification of material information and other defined information.

LR 3.1 - Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information.

LR 3.1 does not apply to particular information while all of the following are satisfied:

- (a) A reasonable person would not expect the information to be disclosed.
- (b) The information is confidential and ASX has not formed a view that the information has ceased to be confidential.
- (c) One of more of the following applies:
  - It would be a breach of a law to disclose the information.
  - The information concerns an incomplete proposal or negotiation.
  - The information comprises matters of supposition or is insufficiently definite to warrant disclosure.
  - The information is generated for the internal management purposes of the entity.
  - The information is a trade secret.

The only exception to this is where the *ASX Listing Rules* do not require such information to be disclosed. Upon confirmation of receipt from the ASX, the Company will post all information disclosed in accordance with this policy on the Company's website in an area accessible by the public.

## 25.3 Procedure

- (a) Information is determined by the Managing Director (MD), Board, Company Secretary or other employee of the Company as being of a type or nature that may warrant disclosure to the ASX;
- (b) If not known by the MD, all information should be reported to the MD;
- (c) The MD will determine the nature and extent of the information and consult with the Chairman to determine the form and content of any ASX Release (Release);
- (d) The MD and Chairman will jointly agree on the text of the proposed Release and will be responsible for ensuring that Company establishes a vetting procedure to ensure that the announcements are factual and do not omit any material information. They will also be responsible for ensuring that Company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions. The Company Secretary may also be required to draft the Release for review and will liaise with the MD and Chairman to ensure all announcements are made in a timely manner.
- (e) Depending on the nature of the release, the sensitivity of the information, availability of the Board, the MD and Chairman will then determine whether the Board, as a whole, should be involved in the review of the Release;
- (f) The Company Secretary or Managing Director will then release the ASX Release to the market, and ensure that the Website is updated.

Directors must also notify the Company Secretary as soon as practicable, but not later than 5 business days after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and ASX Listing Rules, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company. Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

## 25.4 Responsibility

- (a) Primary Responsibility – Managing Director
- (b) Secondary Responsibility – Board of Directors, Company Secretary

## 26. BOARD PERFORMANCE EVALUATION POLICY

### 26.1 Board of Directors

This policy is to ensure individual directors and the Board as a whole work efficiently and effectively in achieving their functions.

Each year the Board will undertake the following activities:

- (a) The Chairperson will meet with each non-executive director separately to discuss individual performance and ideas for improvement.
- (b) The board as a whole will discuss and analyse its own performance during the year including suggestions for change or improvement.

### 26.2 Managing Directors and Key Executives

This policy is to ensure the Managing Director and key executives execute the company's strategy through the efficient and effective implementation of the business objectives. In order to accomplish this:

- (a) Each year the Board reviews the company's strategy.
- (b) Following such a review the Board sets the organisation performance objectives based on qualitative and quantitative measures.
- (c) These objectives are reviewed periodically to ensure they remain consistent with the company's priorities and the changing nature of the company's business.
- (d) These objectives are the performance targets for the Managing Director.
- (e) Performance against these objectives is reviewed annually by the Board and is reflected in the Managing Directors remuneration review.

### 26.3 Board Committees

This policy is to ensure committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in their charter.

Each year the Board will undertake the following activities:

- (a) The Board will review the necessity of establishing any committees and delegating certain of its responsibilities to the committee.
- (b) The Board will review the committees achievements during the year based on their duties.

The Board will review the charters of the committees once per year to ensure that they are up to date.

## 27. REMUNERATION STATEMENT

### 27.1 Remuneration

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice should be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.



## 27.2 Performance Based Remuneration

The Board recognises that Alterra Limited operates in a global environment. To prosper in this environment, we must attract, motivate and retain key executive staff.

The principles supporting our remuneration policy are that:

- (a) Reward reflects the competitive global market in which we operate.
- (b) Individual reward is based on performance across a range of indicators that apply to delivering results across the company.
- (c) Rewards to executives are linked to creating value for shareholders.
- (d) Executives are rewarded for both financial and non-financial performance.
- (e) Remuneration arrangements are equitable and facilitate the deployment of senior management across the company.
- (f) Senior managers receive a significant component of their reward in equity and are required to retain that holding over time.

## 27.3 Market Comparisons

Consistent with attracting and retaining talented executives, the board endorses the use of incentive and bonus payments. The Board continues to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the company's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the committee to reward key employees when they deliver consistently high performance.

## 27.4 Board Remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Board determines actual payments to directors and reviews their remuneration annually, based on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors.

A review of directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

## 28. WORKPLACE DIVERSITY POLICY

The Company recognizes the benefits arising from employees and the importance of benefiting from all available personnel. The Company will promote a diverse environment which is conducive to the appointment of well qualified personnel so there is appropriate diversity which will assist with maximizing the achievement of the goals of the Company.

### 28.1 Board Commitment

The Board has a commitment to promoting a corporate culture that is supportive of diversity and encourages the transparency of Board processes, review and appointment of Directors.

The Board (or if requested by the Board, the Remuneration and Nominations Committee) are responsible for developing policies in relation to the achievement of measurable diversity objectives and the extent to which they will be linked to the Key Performance Indicators for the Board, CEO and senior executives.

## 28.2 Strategies

The Company's strategies may include:

- (a) recruiting from a diverse range of candidates for all positions, including senior executive roles and Board positions;
- (b) reviewing pre-existing succession plans to ensure that there is a focus on diversity;
- (c) encourage female participation across a range of roles across the Company;
- (d) review and report on the relative proportion of women and men in the workforce at all levels of the Company;
- (e) articulate a corporate culture which supports workplace diversity and in particular, recognizes that employees at all levels of the Company may have domestic responsibilities;
- (f) develop programs to encourage a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development;
- (g) any other strategies that the Board or the Nomination Committee develops from time to time.

## 28.3 Reporting

If requested by the Board, the Remuneration and Nominations Committee will report on the Company's progress against the objectives and its strategies for achieving a diverse workplace. The report will also include the proportion of female employees in the Company at senior management level and at Board level for inclusion in the Annual Report each financial year.

## 29. ONGOING EDUCATION POLICY

### 29.1 Purpose

The purpose of the Ongoing Education Framework ("Framework") is to facilitate the education of directors and employees so they are equipped with the general and technical knowledge required to carry out their duties and understand the business of the company.

The goal of this Framework is to provide the skills and governance to ensure compliance and best practice in all areas of the business.

### 29.2 Application

All directors, executives and employees.

### 29.3 Legislative Framework

The operations of the Company are regulated by a number of legislations and regulatory bodies. These include:

- (a) ASIC / Corporations Act 2001 (Cth);
- (b) ASX / ASX Listing Rules & ASX Corporate Governance Council Guidelines;
- (c) DMP / Mining Act 1978 (WA); and
- (d) EPA / Environmental Protection Act 1986 (WA).

## 29.4 Who Provides the Education?

Education may be provided by management and staff, legislative and regulatory bodies, third parties, education institutions, etc., as appropriate.

- (a) Induction
  - Procedures manuals
  - Policies & procedures
- (b) Internal education
  - Key developments within the company
  - Industry development
  - Risk management
  - Safety systems
- (c) External education
  - Legislation
  - Technical courses

## 29.5 Requests for Education

Directors and staff wishing to undertake external education opportunities are required to make a request to the Executive Director. The request should include, an outline of the course/seminar, a summary of how the course/seminar will benefit of the staff member and the company, the dates and times of the course/seminar and associated costs.

Should these requests be granted, attendees are requested to share their education experiences with relevant staff within the organisation; formally or informally as appropriate.

## 29.6 Provision for Education

Employees will be granted up to 16 hours of education and development leave during work hours within any calendar year to participate in position- or career-related education opportunities. Requests for education will be assessed on a case by case basis as above. Education required for maintaining licences or professional membership may be excluded from this allowance.

## 29.7 Responsibility

While the Company may provide internal and external ongoing education for employees, this information should not be taken as a sanctioned means of compliance. The officeholder or executive always has responsibility to determine the most suitable compliance mechanism.