

ALTERRA LIMITED
ACN 129 035 221
(Company)
CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement details (amongst other matters) the compliance of the Corporate Governance Policy circulated with the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**).

The Board of the Company currently has in place a Corporate Governance Plan, Board Charter and policies which have been posted in a dedicated corporate governance information section of the Company's website at www.alterra.com.au including:

- Board Charter (within the Corporate Governance Plan);
- Code of Conduct;
- Share Trading by Key Management Policy;
- Shareholder Communication Strategy;
- Disclosure Policy;
- Audit & Risk and Remuneration & Nomination Committee Charter;
- Board Performance Evaluation Policy;
- Remuneration Statement & Policy;
- Workplace Diversity Policy;
- Ongoing Education Policy;
- Safety Policy;
- Environmental Policy;
- Whistleblower Policy; and
- Anti-bribery and Corruption Policy

The Statement has been approved by the Board and is current as at 21 December 2020.

Corporate Governance Council Principles and Recommendations		Does the Company comply?	Explanation of compliance / non-compliance
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	The business of the Company is managed under the direction of the board of directors of the Company (Board), which is responsible for the Company's corporate governance. The Board meets on a regular basis and is required to discuss pertinent business developments, investment decisions and issues, and review the operations and performance of the Company. The responsibilities of the Board include: <ul style="list-style-type: none"> • providing leadership and setting the strategic direction, objectives and goals of the Company; • appointing and when necessary replacing the chief executive officer (CEO); • overseeing and evaluating management's implementation of the Company's strategic direction, objectives and goals, and its performance generally;

Corporate Governance Council Principles and Recommendations		Does the Company comply?	Explanation of compliance / non-compliance
			<ul style="list-style-type: none"> the prudential control of the Company's finances and operations, including monitoring its financial performance and approving its budgets and major capital expenditure; overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit; overseeing the Company's process for making timely and balanced disclosure of all material information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities; identifying and managing significant business risks in accordance with the Company's risk management and internal compliance and control systems; approving the Company's remuneration framework; and supervising compliance with the Company's governance practices and monitoring their effectiveness. <p>Further details about the responsibilities of the Board are set out in the Company's Board Charter, a copy of which is available on the Company's website at www.alterra.com.au.</p> <p>The Board has delegated to the CEO the authority to manage the day to day affairs of the Company and the authority to control the affairs of the Company in relation to all matters other than those responsibilities reserved to itself in the Board Charter. The CEO has authority to sub-delegate to the senior management team.</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	Yes	<p>Prior to appointing a person, or putting forward to security holders a candidate for election, screening checks are undertaken as to the person's experience, education, criminal history and bankruptcy history.</p> <p>When presenting a director for election or re-election, the Company has provided shareholders with details of the director's skills and experience, independence and current term served by the director in office and whether the Board supports the election or re-election.</p>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The Company has entered into director appointment agreements with each non-executive director and executive services agreements with each senior executive (including executive directors).
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The company secretary of the Company (Secretary) is accountable directly to the Board, through the chairperson of the Company (Chair), on all matters to do with the proper functioning of the Board including ensuring Board compliance with procedures and other governance requirements. Each director has access to the Secretary and vice versa.

Corporate Governance Council Principles and Recommendations		Does the Company comply?	Explanation of compliance / non-compliance
1.5	<p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	Yes	<p>The Company has a Diversity Policy that complies with paragraph (b).</p> <p>A summary of the Diversity Policy is incorporated in the Company's Corporate Governance Plan and is available on the Company's website at www.alterra.com.au.</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	Yes	<p>The Company's Board Charter and Audit & Risk and Remuneration & Nomination Committee Charter provides for:</p> <ul style="list-style-type: none"> • the Chair and Audit & Risk and Remuneration & Nomination Committee to oversee the implementation of policies and systems for evaluation of the performance of the Board, Board committees and directors individually, using both measurable and qualitative indicators; and • before each annual general meeting: <ul style="list-style-type: none"> ○ the Chair to assess the performance of any director standing for re-election; and ○ the Board (excluding the Chair) and the Nomination and Remuneration Committee to conduct the review of the Chair. <p>The Audit & Risk and Remuneration & Nomination Committee will make recommendations to the Board regarding the process for evaluating performance of the Board, its committees and the directors. This is incorporated into the Company's Corporate Governance Plan.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	Yes	<p>The Company's Board Charter provides for the Board to oversee and evaluate management's performance at least once annually. Feedback is also provided to senior management at each Board meeting.</p>

Corporate Governance Council Principles and Recommendations		Does the Company comply?	Explanation of compliance / non-compliance
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	Yes	<p>The Company has an Audit & Risk and Remuneration & Nomination Committee Charter which complies with paragraphs (a)(1) and (a)(2).</p> <p>A copy of the Audit & Risk and Remuneration & Nomination Committee Charter is incorporated in the Corporate Governance Plan and is available on the Company's website at www.alterra.com.au.</p> <p>The members of the Audit & Risk and Remuneration & Nomination Committee Charter are disclosed in the Corporate Governance Plan on the Company's website at www.alterra.com.au.</p>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	No	The Board has not, at this time, adopted a board skills matrix due to the size of the Company's operations. However, the Company will seek to have directors with an appropriate range of skills, experience and expertise and an understanding of and competence to deal with current and emerging issues of the business. In addition, the Company's succession plans are designed to maintain an appropriate balance of skills, experience and expertise on the Board.
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Yes	<p>The Board considers each of the following persons to be independent directors.</p> <p>Mr John McGlue – Chairman and Non-executive Director</p> <p>Mr John Palermo – Non-executive Director and Company Secretary</p> <p>The following independent directors have relationships of the type described in Box 2.3:</p> <p>Mr John Palermo is a director of Gratia Australia Pty Ltd, a company which provides accounting services to Alterra Ltd.</p> <p>Mr Trevor Stoney's son, Mr Matthew Stoney, had a lease with Alterra Ltd on Dambadgee Springs. The lease has expired on 31 March 2020.</p> <p>The length of service of each director is set out below:</p> <p>Mr John McGlue – less than 12 months, appointed on 10 June 2020</p> <p>Mr John Palermo – 1 year and 6 months – appointed on 12 June 2019</p> <p>Mr Trevor Stoney – 10 years and 5 months – appointed on 21 July 2010</p>

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2.4	A majority of the board of a listed entity should be independent directors.	Yes	The composition of the board is as follows: Mr John McGlue – Chairman and Non-executive Director Mr John Palermo – Non-executive Director and Company Secretary Mr Trevor Stoney – Non-executive Director A majority of the Board are independent directors.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes	The Chair of the Board of the Company is an [independent] non-executive director of the Company and is not the CEO of the Company. The Chair and independent no-executive director of the Board of the Company is Mr John McGlue The CEO of the Company is Mr Oliver Barnes
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	The Company's Board Charter provides that directors are expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them. The Company will engage with each director individually and ensure that they have the required skills, qualifications and experience, and includes meetings with management of the Company. All Directors have access to various resources and professional training to address any skills gaps.]
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	Yes	The Company has a Code of Conduct, Whistleblower policy and Anti-bribery and Corruption policy which encourages a culture of respect and no fear of repercussions. A copy of the policy is incorporated in the Corporate Governance Plan.
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	Yes	The Company has a Code of Conduct that complies with paragraph 3.2. A copy of the Code of Conduct is incorporated in the Corporate Governance Plan and is available on the Company's website at www.alterra.com.au .
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	Yes	The Company has a Whistleblower policy that complies with paragraph 3.3. A copy of the Whistleblower policy is incorporated in the Corporate Governance Plan and is available on the Company's website at www.alterra.com.au .
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	Yes	The Company has an Anti-bribery and Corruption policy that complies with paragraph 3.4. A copy of the Anti-bribery and Corruption policy is incorporated in the Corporate Governance Plan and is available on the Company's website at www.alterra.com.au .

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PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	Yes	<p>The Company has an Audit & Risk and Remuneration & Nomination Committee that complies with paragraphs (a)(1) and (a)(2).</p> <p>A copy of the Audit & Risk and Remuneration & Nomination Committee Charter is available on the Company's website at www.alterra.com.au.</p> <p>The relevant qualifications and experience of the members of the Audit and Risk Management Committee are disclosed on the Company's website at www.alterra.com.au.</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes	<p>The financial statements for the Half Year and Year End are tabled by the CFO and CEO at the Board meeting for review and approval.</p>
4.3	<p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	Yes	<p>The Company prepares the Appendix 4E and interim financial statements, and table them for approval by the Board.</p>
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	<p>A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.</p>	Yes	<p>The Company has a Disclosure Policy that complies with paragraph 5.1.</p> <p>A copy of the Disclosure Policy is incorporated in the Corporate Governance Plan and is available on the Company's website at www.alterra.com.au.</p>
5.2	<p>A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	Yes	<p>The Company will provide its board with copies of all material market announcements promptly after they have been made.</p>
5.3	<p>A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</p>	Yes	<p>The Company will upload new and substantive investor or analyst presentations on the ASX Market Announcements Platform ahead of the presentation.</p>

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PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about the Company and its governance is provided via the Company's website at www.alterra.com.au .
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	Yes	<p>The Company's Disclosure and Shareholder Communication Policy describes the Board's policy for ensuring shareholders and potential investors of the Company receive or obtain access to information publicly released.</p> <p>The Company's primary portals are its website, Annual Report, Annual General Meeting (AGM), Half-Yearly Report and notices to the ASX.</p> <p>The Secretary will oversee and coordinate the distribution of all information by the Company to the ASX, shareholders, the media and the public.</p> <p>All shareholders have the opportunity to attend the AGM and ask questions of the Board.</p>
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	Yes	<p>The Company holds an AGM of shareholders in January/February each year. The date, time and venue of the AGM will be notified to the ASX when the notice of the AGM is circulated to shareholders and lodged with the ASX each year.</p> <p>The Board will choose a date, venue and time considered convenient to the greatest number of its shareholders.</p> <p>A notice of meeting will be accompanied by explanatory notes on the items of business and together they will seek to clearly and accurately explain the nature of the business of the meeting.</p> <p>Shareholders are encouraged to attend the meeting, or if unable to attend, to vote on the motions proposed by appointing a proxy. The proxy form included with the Notice of Meeting will seek to explain clearly how the proxy form is to be completed and submitted.</p>
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Yes	The Company will ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Company will provide its security holders with an electronic communication option.

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PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	Yes	<p>The Company has an Audit & Risk and Remuneration & Nomination Committee that complies with paragraphs (a)(1) and (a)(2).</p> <p>A copy of the Audit & Risk and Remuneration & Nomination Committee Charter is available on the Company's website at www.alterra.com.au.</p> <p>The members of the Audit & Risk and Remuneration & Nomination Committee are disclosed on the Company's website at www.alterra.com.au.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>The Audit and Risk Management Committee is responsible for reviewing at least annually the Company's implementation of the risk management policy and framework and the Board's risk appetite statement.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	No	<p>The Company does not have an internal audit function due to the size of the Company's operations.</p> <p>The Company's Audit & Risk and Remuneration & Nomination Committee is responsible for assisting the Board in overseeing the effectiveness of the Company's system of risk management and internal controls, and to review the Company's risk management program.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	<p>The Company has incorporated a policy dealing with environmental and social risks in its Corporate Governance Plan and is disclosed on the Company's website at www.alterra.com.au.</p>

Corporate Governance Council Principles and Recommendations	Does the Company comply?	Explanation of compliance / non-compliance
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	Yes	<p>The Company has an Audit & Risk and Remuneration & Nomination Committee which complies with paragraphs (a)(1) and (a)(2).</p> <p>A copy of the Audit & Risk and Remuneration & Nomination Committee Charter is available on the Company's website at www.alterra.com.au.</p> <p>The members of the Audit & Risk and Remuneration & Nomination Committee are disclosed on the Company's website at www.alterra.com.au.</p>
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	<p>The Audit & Risk and Remuneration & Nomination Committee is responsible for reviewing and making recommendations to the Board regarding the remuneration of executive and non-executive directors and other senior executives.</p>
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>All options issued by the Company are issued under the Company's Employee Share Option Plan Rules (ESOP Rules). Under the ESOP Rules, participants are prohibited from entering into a scheme or arrangement that protects the value of the option granted under the plan prior to the option becoming a vested option. The Company is in the process of updating its ESOP to an Employee Long Term Incentive Plan, to be tabled at the next Annual General Meeting for shareholders' approval.</p>

Corporate Governance Council Principles and Recommendations		Does the Company comply?	Explanation of compliance / non-compliance
PRINCIPLE 9 – ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	Not applicable	
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	Not applicable	
9.3	Companies should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company's auditor receives a notice of meeting and attends the AGM. Alterra will also be hosting its AGM at the auditor's boardroom.