

## Appendix 4G

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

Introduced 01/07/14 Amended 02/11/15

**Name of entity**

New Hope Corporation Limited

**ABN / ARBN**

38 010 653 844

**Financial year ended:**

31 July 2016

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

- These pages of our annual report:
- This URL on our website: [www.newhopegroup/content/investors/corporate-governance](http://www.newhopegroup/content/investors/corporate-governance)

The Corporate Governance Statement is accurate and up to date as at 20 September 2016 and has been approved by the board.

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

Date: 20 September 2016

Name of Director or Secretary authorising lodgement: R.D. Millner, Chairman

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

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

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

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

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

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

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

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

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

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation           | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |   |
|---|--|--|---|
| <b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b> |  |  |   |
| 2.1   | <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement.</p> |
| 2.2   | <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>   | <p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>             |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation        |   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |
|--|---|--|--|
| 2.3  | A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors;<br>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and<br>(c) the length of service of each director. | ... the names of the directors considered by the board to be independent directors:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement<br>... and, where applicable, the information referred to in paragraph (b):<br><input checked="" type="checkbox"/> in our Corporate Governance Statement<br>... and the length of service of each director:<br><input checked="" type="checkbox"/> at our Annual Financial Statements, a copy of which can be found at <a href="http://www.newhopegroup.com.au/content/investors/annual-reports">www.newhopegroup.com.au/content/investors/annual-reports</a> | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement   |
| 2.4  | A majority of the board of a listed entity should be independent directors.   | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at <i>[insert location]</i>   | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| 2.5  | The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.   | ... the fact that we follow this recommendation:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at <i>[insert location]</i>   | <input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| 2.6  | A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.  | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |
| <b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b> |   |  |  |
| 3.1  | A listed entity should:<br>(a) have a code of conduct for its directors, senior executives and employees; and<br>(b) disclose that code or a summary of it.   | ... our code of conduct or a summary of it:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement<br><input type="checkbox"/> at <i>[insert location]</i>   | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement   |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation                     | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |   |
|---|--|--|---|
| <b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b> |  |  |   |
| 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,</p> <p>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> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.newhopegroup.com.au/content/investors/corporate-governance">www.newhopegroup.com.au/content/investors/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Company's Financial Statements</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</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>   | <p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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|---|--|--|---|
| 4.3   | A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.                  | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u>  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u><br><input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable |
| <b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>    |  |  |   |
| 5.1   | A listed entity should:<br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(b) disclose that policy or a summary of it. | ... our continuous disclosure compliance policy or a summary of it:<br><input checked="" type="checkbox"/> at <a href="http://www.newhopegroup.com.au/content/investors/corporate-governance">www.newhopegroup.com.au/content/investors/corporate-governance</a> | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| <b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b> |  |  |   |
| 6.1   | A listed entity should provide information about itself and its governance to investors via its website.   | ... information about us and our governance on our website:<br><input checked="" type="checkbox"/> at <a href="http://www.newhopegroup.com.au/content/investors/corporate-governance">www.newhopegroup.com.au/content/investors/corporate-governance</a>         | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| 6.2   | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.  | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| 6.3   | A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.                                      | ... our policies and processes for facilitating and encouraging participation at meetings of security holders:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u><br><input type="checkbox"/> at <i>[insert location]</i>    | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |
| 6.4   | A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.                   | ... the fact that we follow this recommendation:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement  | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement  |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation    | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>   |   |
|--|--|---|---|
| <b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b> |  |   |   |
| 7.1  | <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.newhopegroup.com.au/content/investors/corporate-governance">www.newhopegroup.com.au/content/investors/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Company's Financial Statements</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |
| 7.2  | <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>   | <p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p> |



## Key to Disclosures Corporate Governance Council Principles and Recommendations

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|---|--|--|---|
| 7.3   | A listed entity should disclose:<br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | [If the entity complies with paragraph (a):]<br>... how our internal audit function is structured and what role it performs:<br><input checked="" type="checkbox"/> in our Corporate Governance Statement<br>[If the entity complies with paragraph (b):]<br>... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:<br><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b><br><input type="checkbox"/> at [ <i>insert location</i> ] | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement                          |
| 7.4   | A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.  | ... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:<br><input checked="" type="checkbox"/> at our Annual Financial Statements, a copy of which can be found at <a href="http://www.newhopegroup.com.au/content/investors/annual-reports">www.newhopegroup.com.au/content/investors/annual-reports</a>   | <input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement                          |

## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation            | We have followed the recommendation in full for the whole of the period above. We have disclosed ...   | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>  |  |
|--|--|--|--|
| <b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b> |  |  |  |
| 8.1  | <p>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> | <p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input type="checkbox"/> at <a href="http://www.newhopegroup.com.au/content/investors/corporate-governance">www.newhopegroup.com.au/content/investors/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> in the Company's Financial Statements</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>  |
| 8.2  | <p>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>  | <p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> at our Annual Financial Statements, a copy of which can be found at <a href="http://www.newhopegroup.com.au/content/investors/annual-reports">www.newhopegroup.com.au/content/investors/annual-reports</a></p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>  |
| 8.3  | <p>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>   | <p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p>   | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

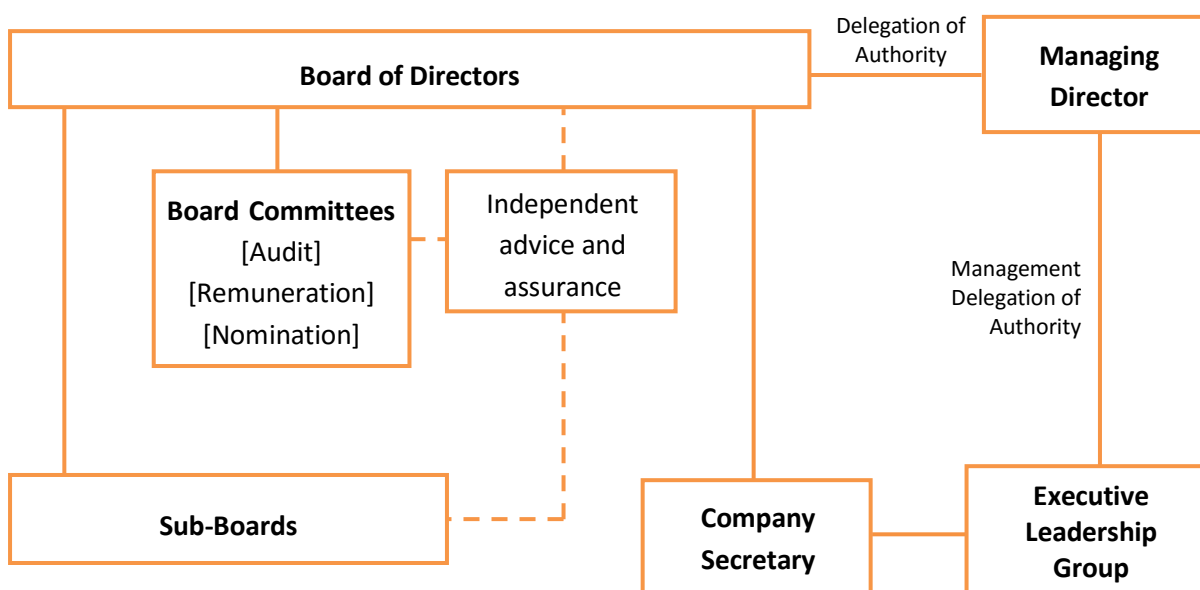
## Key to Disclosures Corporate Governance Council Principles and Recommendations

| Corporate Governance Council recommendation   | We have followed the recommendation in full for the whole of the period above. We have disclosed ...  | We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup> |
|---|---|---|
| <b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>  |   |   |
| <p>- <i>Alternative to Recommendation 1.1 for externally managed listed entities:</i><br/>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p> | <p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>         | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |
| <p>- <i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i><br/>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>  | <p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> | <p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>                   |

## CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement has been summarised into sections in line with the eight core corporate governance principles as specified in the Australian Securities Exchange (ASX) Corporate Governance Council's 3<sup>rd</sup> Edition of the Corporate Governance Principles and Recommendations. This statement was approved by the Board of New Hope Corporation Limited on 19 September 2016.

### 1. Lay solid foundations for management and oversight



- 1.1 The primary objective of the New Hope Board is to provide strategic guidance and oversight of management. The Board is ultimately responsible for, and has authority over, management of New Hope and its controlled entities. The Board has delegated to the Managing Director the authority over the day to day management of the Company, its subsidiaries and their respective operations.

The Board Charter, which is accessible via our website at [www.newhopegroup.com.au/content/investors/corporate-governance](http://www.newhopegroup.com.au/content/investors/corporate-governance), details the powers specifically reserved for the Board and authority that is delegated to the Managing Director.

- 1.2 Prior to appointment to the New Hope Board, appropriate checks on experience and background are completed either in-house or via the use of external consultants. Security holders are provided details of material information regarding Directors prior to the AGM, a copy of which can be found under past ASX releases on our website at [www.newhopegroup.com.au/content/investors/asx-announcements](http://www.newhopegroup.com.au/content/investors/asx-announcements).
- 1.3 Every Director and senior executive at New Hope has received a written agreement upon their appointment detailing the key terms of their appointment.

- 1.4 The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for co-ordination of all Board business, including agendas, board papers, minutes, communication with the ASX and all statutory and other filings. All directors have direct access to the services and advice of the Company Secretary. Details of the skills, experience and expertise of the Company Secretary are set out in the Annual Report.
- 1.5 New Hope's Diversity and Inclusion Policy Statement is accessible via our website at [www.newhopegroup.com.au/content/investors/corporate-governance](http://www.newhopegroup.com.au/content/investors/corporate-governance). The Company has elected not to set measurable objectives towards achieving gender diversity. Instead, the Company has focussed on fostering a workplace where employees feel that they are a valued member of the organisation; that they are treated fairly and that inappropriate behaviour does not take place. The Company is also committed to ensuring that employees and all other individuals involved in its operations are provided with equal opportunity in all aspects of recruitment, selection and employment.

The following table shows the proportion of women employed by the Company as at 31 July 2016:

| <b>Role</b>              | <b>Number of Female Employees</b> | <b>Number of Male Employees</b> | <b>Total Employees</b> | <b>Female Employee Percentage</b> |
|--------------------------|-----------------------------------|---------------------------------|------------------------|-----------------------------------|
| <b>Directors</b>         | 1                                 | 6                               | 7                      | 14%                               |
| <b>Senior Executives</b> | 2                                 | 12                              | 14                     | 14%                               |
| <b>All Employees</b>     | 74                                | 477                             | 551                    | 13%                               |

Senior Executives for the purposes of these figures are those employees (excluding directors) who are at General Manager level or above.

- 1.6 The efficiency, effectiveness and operations of the Board are continuously subjected to informal monitoring by the Nomination Committee and the Board as a whole. The performance of non-executive Directors is reviewed by the Nomination Committee with any unsatisfactory performance referred to the remainder of the Board. This review was undertaken during the year.
- 1.7 The performance of the Managing Director was reviewed by the Remuneration Committee during the year in accordance with Key Performance Indicators for Short Term and Long Term Incentives as disclosed in the Remuneration Report of New Hope's Annual Financial Statements.

The performance of the Chief Operating Officer and Chief Financial Officer were also reviewed by the Remuneration Committee in accordance with Key Performance Indicators for Short Term and Long Term Incentives as disclosed in the Remuneration Report of New Hope's Annual Financial Statements. The remaining Senior Executives' performance was reviewed as part of the established performance recognition processes within the New Hope organisation, and overseen by the Managing Director, Chief Operating Officer, Chief Financial Officer and General Manager People.

## 2. Structure the board to add value

2.1 The Nomination Committee consists of three Directors, two of which are considered independent. The recently appointed Chairman of the Nomination Committee, Mr T. J. Barlow, is not considered an independent Director, however he brings experience and knowledge to the position and will act in the best interests of the Company. The charter for the Nomination Committee is published on our website [www.newhopegroup.com.au/content/investors/corporate-governance](http://www.newhopegroup.com.au/content/investors/corporate-governance). The members of the Nomination Committee are:

Mr T.J. Barlow (Chairman)  
Mr W.H. Grant  
Mr I.M Williams

The number of Nomination Committee meetings and attendances can be found in New Hope's Annual Financial Statements.

2.2 During the current year the Board of Directors approved a Board Skills Matrix which identifies the skills, experience, and capabilities required by the Board. The Board Skills Matrix is used for succession planning, professional development and in assessing the Board's effectiveness. The Skills Matrix is reviewed annually. The following table provides a Summary of the current Skills Matrix.

| <u>Requisite Skill</u>                | <u>Number of Directors</u> |
|---------------------------------------|----------------------------|
| Leadership                            | 7                          |
| Finance                               | 7                          |
| Technical mining/coal knowledge       | 6                          |
| People skills – HR & IR               | 7                          |
| Government – Federal/State/Local      | 7                          |
| Community issues – license to operate | 5                          |
| Investment Banking                    | 7                          |
| Law                                   | 6                          |
| Shareholder expectations of the Board | 7                          |
| Safety                                | 5                          |
| Technology and big data               | 4                          |
| Social media                          | 4                          |
| Strategic planning                    | 7                          |
| Corporate governance                  | 7                          |

The current structure and membership of the Board is seen as appropriate given the skill set required by the Company.

2.3 There are currently three Directors on the New Hope Board that are considered independent. These are:

Mr W.H Grant  
Ms S.J. Palmer  
Mr I.M. Williams

- 2.4 The New Hope Board does not consist of a majority of independent Directors. All Directors, whether they are considered independent or not, are expected to bring their independent views and judgement to the Board and act in the best interests of the Company. The Board considers that due to the extensive experience and knowledge that the current Directors have of the business, it would be contrary to shareholders' best interests if the Directors were precluded from holding the position of Director on these grounds.
- 2.5 The roles of Chairman and Chief Executive Officer are separate on the New Hope Board. The Chairman, Mr R.D. Millner, is not considered independent. Given the experience and knowledge Mr Millner brings to the position, the Board believes it is in the best interests the Company to maintain a non-independent Chairman.
- 2.6 Induction of new Directors is conducted upon commencement with the New Hope Board. It is the responsibility of the Directors on the New Hope Board to ensure their skills and knowledge remains appropriate, and the Company supports them in maintaining those skills.

### **3. Act ethically and responsibly**

- 3.1 The Company has an established Code of Conduct dealing with matters of integrity and ethical standards. All Directors, executives and employees are expected to abide by the code of conduct, and to bring to the attention of senior management or the Board instances contrary to the Code of Conduct. The code can be found on our website [www.newhopegroup.com.au/content/investors/corporate-governance](http://www.newhopegroup.com.au/content/investors/corporate-governance).

The Code of Conduct was reviewed and updated during the 2016 financial year.

### **4. Safeguard integrity in corporate reporting**

- 4.1 The Audit Committee consists of three Directors, two of which are considered independent, and is chaired by an independent Director. The charter for the Audit Committee is published on our website [www.newhopegroup.com.au/content/investors/corporate-governance](http://www.newhopegroup.com.au/content/investors/corporate-governance). The members of the Audit Committee are:

Ms S.J. Palmer (Chairman)  
Mr W.H. Grant  
Mr T.J. Barlow

The experience of the individual members and the number of Audit Committee meetings, including attendance, can be found in New Hope's Annual Financial Statement.

- 4.2 The New Hope Boards' process for approving its Financial Statements includes a requirement for the Chief Financial Officer and the Managing Director, in their capacity of Chief Executive Officer, to provide a declaration to the Board that:
- The Financial Statements
    - Comply with the Accounting Standards
    - Give a true and fair view
  - The risk management and internal control systems
    - Are sound, effective and efficient
  - There are no material subsequent events

4.3 The External Auditor for New Hope is required to attend the Annual General Meeting and be available to answer questions as part of their engagement with New Hope.

## **5. Make timely and balanced disclosure**

5.1 New Hope has a policy for ensuring continuous disclosure under the ASX Listing Rules, and a copy of this policy can be found on our website at [www.newhopegroup.com.au/content/investors/corporate-governance](http://www.newhopegroup.com.au/content/investors/corporate-governance). In previous years a summary of this policy was disclosed in the Corporate Governance Statement contained in our Annual Financial Statements, a copy of which can be found at [www.newhopegroup.com.au/content/investors/annual-reports](http://www.newhopegroup.com.au/content/investors/annual-reports).

## **6. Respect the rights of security holders**

6.1 Information regarding the Directors, Senior Executives, key areas of Corporate Governance and New Hope operations can be access via our website [www.newhopegroup.com.au/content/investors/corporate-governance](http://www.newhopegroup.com.au/content/investors/corporate-governance).

6.2 New Hope actively engages with investors. Time is allocated for key executives to be available to ensure communication with investors is appropriate and effective in disseminating the business goals of New Hope. New Hope seeks to understand any concerns investors may have and to ensure these are fed back to the appropriate area within the business.

6.3 The Annual General Meeting is the key meeting with security holders each year, and time is specifically set aside to answer any questions security holders may have of the New Hope Board. Senior Executives attend the Annual General Meeting to allow one on one discussion with security holders, within the boundaries of the Company's Continuous Disclosure obligations.

6.4 New Hope and its security registry encourage the use of electronic communications. Any enquiries can be sent to [cosec@newhopegroup.com.au](mailto:cosec@newhopegroup.com.au).

## **7. Recognise and manage risk**

7.1 The Audit Committee oversees the risk management for New Hope. Details of this committee can be seen at point 4.1 of this statement.

7.2 The Audit Committee historically has undertaken reviews of the risk management framework annually or more often as circumstances dictate. The review of the risk management framework has been completed this year.

7.3 New Hope has an established Internal Audit function that reports directly to the Chairman of the Audit Committee. The role is structured to determine key areas of risk within the Company's operations and review controls and the effectiveness of these controls. Areas of focus are determined in conjunction with the Audit Committee and any findings shared with our external auditor.

7.4 The Company has exposure to a number of economic, environmental and social sustainability risks that have been identified through the Company's risk management processes.

Management of these risks is via the Company's risk management processes, which includes detailed risk action plans on each material risk; as well as periodic monitoring and reassessment of risk. The risk action plans flow into the development of the Company's strategy as well as day to day operations to ensure these risks are proactively managed.



## **8. Remunerate fairly and responsibly**

- 8.1 The Remuneration Committee consists of three Directors, two of which are considered independent, and is chaired by an independent Director. The charter for the Remuneration Committee is published on our website [www.newhopegroup.com.au/content/investors/corporate-governance](http://www.newhopegroup.com.au/content/investors/corporate-governance). The members of the Remuneration Committee are:

Mr W.H. Grant (Chairman)  
Mr I.M. Williams  
Mr T.J. Barlow

The number of Remuneration Committee meetings and attendances can be found in New Hope's Annual Financial Statements.

Non-executive Directors' fees are reviewed annually after taking into consideration the Company's performance, market rates and level of responsibility. The aggregate amount of fees which may be paid to non-executive Directors is subject to the approval of shareholders at the Annual General Meeting and is currently set at \$1,750,000 (2015 - \$1,750,000) per annum.

Remuneration of the Managing Director, Chief Operating Officer and Chief Financial Officer are disclosed in the Remuneration Report within New Hope's Annual Financial Statements. The levels of remuneration are reviewed annually by the Remuneration Committee, taking into consideration the Company's performance, market rates and levels of responsibility. The Remuneration Committee makes a recommendation to the Board with any adjustments subject to approval by the Board.

Other Senior Executives are reviewed annually by the Managing Director, Chief Operating Officer, Chief Financial Officer, and General Manager People, based on market rates. Remuneration for other senior executives consists of fixed salary and an annual performance based cash bonus.

- 8.2 The Company's Trading in Company Securities Policies has been disclosed to the market and is on New Hope's website at [www.newhopegroup.com.au/content/investors/corporate-governance](http://www.newhopegroup.com.au/content/investors/corporate-governance).