

## Appendix 4G

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

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

**Name of entity**

Stanmore Coal Limited

**ABN / ARBN**

27 131 920 968

**Financial year ended:**

30 June 2019

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.stanmorecoal.com.au](http://www.stanmorecoal.com.au)

The Corporate Governance Statement is accurate and up to date as at 21 August 2019 and has been approved by the board.

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

Date: 22 August 2019

Name of Secretary authorising lodgement: Ian Poole

<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.

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## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

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

<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><input checked="" type="checkbox"/> The Company has a diversity policy available on the Company's web site (www.stanmorecoal.com.au). The Company has not set measurable objectives due to the small size of its current workforce. The Company will continue to periodically review its policy.</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 Charter</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement &amp; Annual Report</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 Annual Report</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement &amp; Annual Report</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 checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p>... and a copy of the Charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.stanmorecoal.com.au">www.stanmorecoal.com.au</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement &amp; Annual Report</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</p>	
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement and Annual Report</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement and Annual Report</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement and Annual Report</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>
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement and Annual Report	
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement and Annual Report	
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Charter	
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Charter	

## 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"/> in our Corporate Governance Statement</p> <p>... and a copy of the Charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.stanmorecoal.com.au">www.stanmorecoal.com.au</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Annual Report</p>	<p><input checked="" type="checkbox"/> For the period between 8 December 2018 and 20 January 2019, the audit committee only had two members due to a director resignation (who was on the audit committee). However, during this period there were no meetings of the audit committee. A replacement director was nominated to be on the audit committee on 21 January 2019 and from that time the committee has had 3 members.</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>	
4.3	<p>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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Charter</p>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Charter	
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="http://www.stanmorecoal.com.au">www.stanmorecoal.com.au</a>	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Charter & 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: <input checked="" type="checkbox"/> in our Corporate Governance Charter & Statement	
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Charter & Statement	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<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</p> <p>... and a copy of the Charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.stanmorecoal.com.au">www.stanmorecoal.com.au</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement &amp; Annual Report</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</p>	<p><input checked="" type="checkbox"/> For the period between 8 December 2018 and 20 January 2019, the risk committee only had two members due to a director resignation (who was on the risk committee). However, during this period there were no meetings of the risk committee. A replacement director was nominated to be on the risk committee on 21 January 2019 and from that time the committee has had 3 members.</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 Charter and Statement</p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement and Annual Report</p>	
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>		<p><input checked="" 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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7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input checked="" type="checkbox"/> in our Annual Report	

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## 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</p> <p>... and a copy of the Charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.stanmorecoal.com.au">www.stanmorecoal.com.au</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement &amp; Annual Report</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"/> in our Annual Report</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 Charter in the Securities Trading Policy</p> <p><input checked="" type="checkbox"/> in the Securities Trading Policy at <a href="http://www.stanmorecoal.com.au">www.stanmorecoal.com.au</a></p>	

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>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>	Not Applicable	
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	Not Applicable	

# APPENDIX 1

## Corporate Governance Statement

The Board of Directors of Stanmore Coal Limited is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of Stanmore Coal Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Stanmore Coal Limited's Corporate Governance Statement is structured with reference to the Australian Securities Exchange (ASX) Corporate Governance Council's (the Council) "Corporate Governance Principles and Recommendations, 3rd Edition". A copy of the Company's Corporate Governance Charter can be downloaded from the Company's website at [ww.stanmorecoal.com.au](http://ww.stanmorecoal.com.au).

### Structure of the Board and Director Independence

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report is included in the Director's Report. The Corporate Governance Council defines an independent Director as a Non-Executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

In the context of Director Independence, "materiality" is considered from both the Company and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is greater than 5% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty. Factors that may impact on a Director's independence are considered each time the Board meets.

Stanmore Coal Limited considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted below have been appointed to the Board of Stanmore Coal Limited due to their considerable industry and corporate experience. The Company conducts comprehensive background checks prior to the appointment of any new Director. Formal letters of appointment are in place for all Directors.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Consolidated Entity's expense. Based on the size and complexity of the Company, the Company Secretary has close working relationships with the Board of Directors and the Senior Management Group. In respect of matters relating to the proper functioning of the Board and Corporate Governance, the Company Secretary has direct access to the Chairman.

The term of office held by each Director in the office at the date of this report is as follows:

Name	Term in office
Stewart Butel (Independent Chairman)	1 year 11 months
Dan Clifford	2 years 9 months
Stephen Bizzell (Independent Director)	9 years 11 months
Neal O'Connor (Independent Director)	1 year 11 months
Darren Yeates (Independent Director)	3 months

## ASX Principals and Recommendations

The Board is of the view that except for the departures from the ASX Corporate Governance Council Principles and Recommendations (3rd edition) as set out in the table below, it otherwise complies with all the ASX Guidelines.

ASX Principals and recommendations	"Why not" explanations
Principal 1 – Lay Solid Foundations for Management and Oversight	
Recommendation 1.5 – A listed entity should 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	The Company has a diversity policy available on the Company's web site ( <a href="http://www.stanmorecoal.com.au">www.stanmorecoal.com.au</a> ). The Company has not set measurable objectives for achieving gender diversity due to the small size of its current workforce. The Company will periodically review its policy.
Principle 4 – Safeguard integrity in Corporate reporting	
Recommendation 4.1 - The board of a listed entity should have an audit committee which has at least three members, all of whom are non-executive directors and a majority of whom are independent directors	For the period between 8 December 2018 and 20 January 2019, the audit committee only had two members due to a director resignation (who was on the audit committee). However, during this period there were no meetings of the audit committee. A replacement director was nominated to be on the audit committee on 21 January 2019 and from that time the committee has had 3 members.
Principal 7 – Recognise and Manage Risk	
Recommendation 7.1 - The board of a listed entity should have a committee or committees to oversee risk, each of which has at least three members, a majority of whom are independent directors	For the period between 8 December 2018 and 20 January 2019, the risk committee only had two members due to a director resignation (who was on the risk committee). However, during this period there were no meetings of the risk committee. A replacement director was nominated to be on the risk committee on 21 January 2019 and from that time the committee has had 3 members.

Recommendation 7.3 – A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs

The Company has not established an internal audit function as it does not believe it is of the size or complexity to justify this function. The Company is audited annually and reviewed each half year by its auditors who provide an independent report to the Board on the systems and processes in place. This external audit process provides the Board with sufficient comfort that the Company has appropriate internal procedures in place.

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### **Principle 1**

The Board undertook a baseline survey of its performance against an agreed set of performance criteria. The Board uses a personal evaluation review to review the performance of Directors. Individual Directors are asked to communicate to the Chairman on a confidential basis to comment on their own performance, and the performance of the Board and its Committees. Key executives are reviewed periodically against the business objectives and their own contractual obligations, including their personal KPIs.

Appropriate background checks are conducted on proposed new Directors and material information about a Director being re-elected is provided to security holders.

**Principle 2**

The Board is comprised of five Directors from a range of backgrounds with significant experience, skills and attributes. The following table demonstrates the skills and experience of the Directors across many areas that are relevant to the Company's business.

Technical and operations	Sustainable and stakeholder management	Business, risk and finance
Coal mining in open cut / underground environments	Community relations	Audit
Coal marketing	Human resources	Legal
Contractor management	Remuneration	Accounting
Project delivery	Government affairs	Tax
Rehabilitation		Risk management
		Mergers and acquisitions
		Finance

  

Corporate Governance	Health and safety
Public Listed Company experience	Working knowledge of systems and best practice
Governance and compliance Leadership	Management of contractor system

The Board is of the view that its current Directors hold an appropriate mix of skills, experience and diversity to enable the Board to discharge its responsibilities and deliver on the corporate objectives.

The Board will actively seek appropriately skilled board members to complement the existing board members where it is identified there is a requirement for additional members from time to time.

**Principle 3**

The Company has a published corporate code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

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

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## Principle 4

The Company has established an Audit and Risk Management Committee as follows:

- Stephen Bizzell (Chairman)
- Stewart Butel
- Darren Yeates

The activities and policies of the Committee are stated in Section B of the Charter: ([www.stanmorecoal.com.au/corporate](http://www.stanmorecoal.com.au/corporate)).

For additional details of Directors' attendance at Audit and Risk Management Committee meetings and to review the qualifications of the members of the Audit and Risk Management Committee, please refer to the Directors' Report.

The Board has received written assurances from the Managing Director and Chief Financial Officer that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Audit and Risk Management Charter has been made publicly available on the Company's website.

## Principle 5

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Consolidated Entity. Stanmore Coal Limited's Obligation of Disclosure Policy can be found within Stanmore Coal Limited's Corporate Governance Charter on the Stanmore Coal Limited website ([www.stanmorecoal.com.au/corporate](http://www.stanmorecoal.com.au/corporate)).

## Principle 6

The Company promotes effective communication with shareholders and encourage effective participation at general meetings by providing information to shareholders:

- Through the release of information to the market via the ASX;
- Through the distribution of the Annual Report and notices of annual general meeting;
- Through shareholder meetings and investor relation presentations;
- By offering security holders the option to receive ASX announcements and other notices from the Company electronically; and
- By posting relevant information on Stanmore's website: [www.stanmorecoal.com.au](http://www.stanmorecoal.com.au)

The Company's website has a dedicated investor relations section for the purpose of publishing all important company information and relevant announcements made to the market.

## Principle 7

The Company's Risk Management Policy is detailed in Section B of the Corporate Governance Charter located at ([www.stanmorecoal.com.au/corporate](http://www.stanmorecoal.com.au/corporate)). Management has evaluated the various risks and disclosed in the Directors' Report.

In respect of the Company's financial statements and systems of accounting control, the Company's external auditor attends the Company's Annual General Meeting to address questions from shareholders. The Audit & Risk Management Committee (see Principle 4) evaluates and addresses risks within the business as outlined in the Corporate Governance Charter ([www.stanmorecoal.com.au/corporate](http://www.stanmorecoal.com.au/corporate)). A review of the risk management framework was undertaken by the Committee during the year.



## Principle 8

The Company has established a Remuneration & Nominations Committee as follows:

- Neal O'Connor (Chairman)
- Stewart Butel
- Stephen Bizzell

The Remuneration & Nominations Committee's objectives and compliance are detailed in Section C of the Corporate Governance Charter. Refer to ([www.stanmorecoal.com.au/corporate](http://www.stanmorecoal.com.au/corporate)).

All matters of remuneration and executive appointments were also considered by the full Board. At this stage, it is reasonable that the Board be accountable for setting their own remuneration and that of senior executives.

The remuneration of the Board's non-executive and executive Directors is set out in the relevant section of the Annual Report. Details of the nature and amount of each element of the remuneration of each Director of the Company and the key management personnel of the Company are disclosed in the relevant section of the Annual Report. There is no retirement benefit scheme for Directors other than payment of statutory superannuation.

The Company has adopted a Securities Trading Policy that includes a prohibition on hedging, aimed at ensuring participants do not enter in to arrangements which would have the effect of limited their exposure to risk relating to an element of their remuneration.