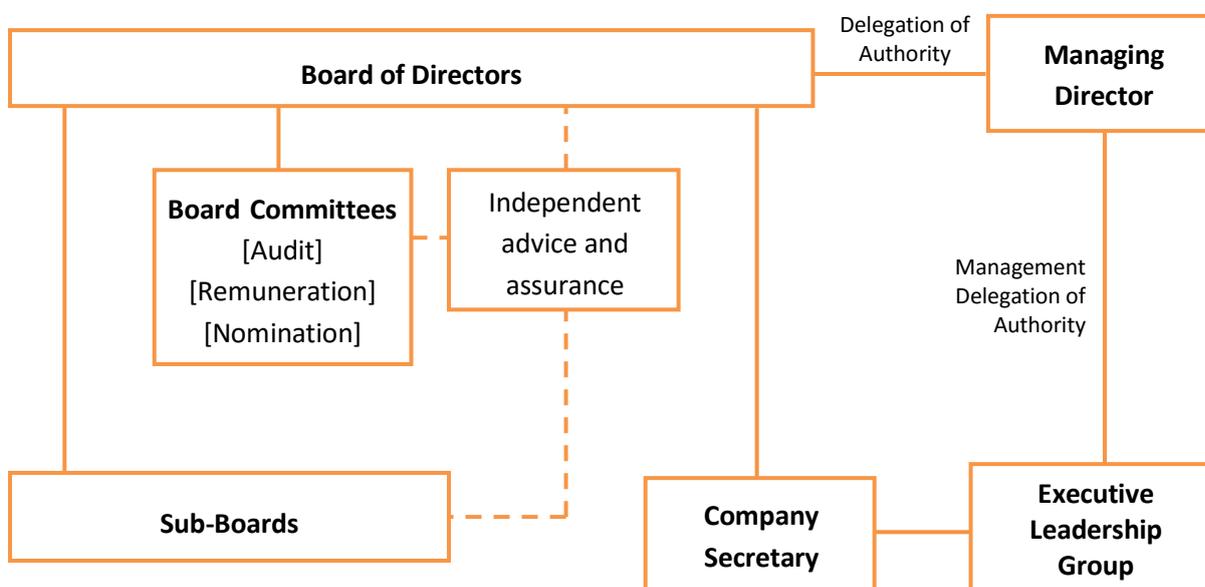


## CORPORATE GOVERNANCE STATEMENT

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).