

## 2019 Corporate Governance Statement

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Melbana Energy Limited (the **Company** or **Melbana**) and the Board are committed to conducting business both ethically and in accordance with principles of good corporate governance. The Board and the Company recognise their duties and obligations to shareholders and other stakeholders to implement and maintain a proper system of corporate governance. The Company's corporate governance framework is reviewed and updates made in response to any business changes or the application of legislation and corporate governance standards.

The ASX Listing Rules require listed companies to prepare a corporate governance statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Principles and Recommendations (**ASX Recommendations**). The ASX Recommendations are guidelines designed to improve the efficiency, quality and integrity of the Company.

This Corporate Governance Statement (**Statement**) discloses the extent to which Melbana Energy Limited has followed the Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. This Statement should be read in conjunction with the material on our website [www.melbana.com](http://www.melbana.com), including the 2019 Annual Report.

This Statement is current as at 30 August 2019 and has been approved by the Board of Directors of the Company. The statement, with the supplementary policies and charters, are available on the Company's website (<http://www.melbana.com/site/About-Us/corporate-governance>).

### **PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

#### **RECOMMENDATION 1.1 – ROLE OF THE BOARD AND MANAGEMENT**

The role of the Board is to approve the strategic direction of the Group, guide and monitor the management of the Company and its businesses and oversee the implementation of appropriate corporate governance with respect to the Group's affairs. The Board aims to protect and enhance the interests of its shareholders, while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

The Board has a formal Board Charter which is available on our website at [www.melbana.com](http://www.melbana.com) that clearly sets out those matters expressly reserved for the Board's determination and those matters delegated to management.

The Board delegates responsibility for the day-to-day management of the Company and its business to the Chief Executive Officer (**CEO**). The CEO is supported by the senior executive team and delegates authority to appropriate senior executives for specific activities. The Board maintains ultimate responsibility for strategy, control and risk profile of the Group.

#### **RECOMMENDATION 1.2 – APPOINTMENT OF DIRECTORS**

The Remuneration and Nomination Committee facilitates the selection and appointment of Directors.

The Remuneration and Nomination Committee has guidelines for the appointment and selection of the Board which requires the Board to undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a Director.

We provide our shareholders with all material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on.

### **RECOMMENDATION 1.3 – APPOINTMENT TERMS**

Upon appointment, each Director receives a letter of appointment which sets out the formal terms of their appointment. Directors also receive a deed of indemnity, insurance and access.

Each senior executive has a written contract with the Company, setting out the terms of his or her appointment, including remuneration entitlements and performance requirements.

Details of executive contracts in place are detailed in the Company's Annual Remuneration Report in the 2019 Annual Report.

### **RECOMMENDATION 1.4 – COMPANY SECRETARY**

The Board is supported by the Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives of the Company. The Board and individual Directors have access to the Company Secretary.

Under the Company's governance framework, the Company Secretary is accountable to the Board, through the Chair, on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding our Company Secretary, including experience and qualifications, is set out in the Directors' Report in our 2019 Annual Report.

### **RECOMMENDATION 1.5 – DIVERSITY**

The Company recognises the benefits of diversity of gender, skills, backgrounds, perspectives and experiences and this diversity is valued and respected. The Company's Diversity Policy is available on the Company's website (<http://www.melbana.com/site/About-Us/corporate-governance>).

The Company recognises that people are its most important asset and is committed to maintaining an inclusive culture that embraces diversity. Diversity drives the Company's ability to attract, retain and develop the best talent, create an engaged workforce and continue to grow the business.

The proportion of women on the Board, in senior executive positions and women across the entire organisation as at 30 August 2019 was as follows:

- Women on the Board – 0%
- Women in senior executive positions – 50%
- Women across the entire organization - 33%

The Company's objective is to maintain a significant level of female participation in the Company's workforce at all levels, with a particular emphasis on gender diversity in technical roles. Given the current size of the Company, the Board considers it unrealistic to commit to a specific level of female participation in the Company's workforce on an ongoing basis. However, the Board supports measures to attract women to the Company, including continuing to offer flexible work arrangements and setting out clear expectations of behaviours for employees that foster a supportive and inclusive work environment.

Details regarding the specific measurable objectives that have been set by the Board under the Diversity Policy, and the Company's progress against them, are set out in the table below:

Objective	Status of the objective
<b>A. Objectives for the Board</b>	
Include diversity as one of the selection criteria for Board and senior management appointments.	Ongoing. There are no female members of the Board at the date of this report. Ms Melanie Leydin was appointed Chief Financial Officer and Company Secretary as announced to the ASX on 12 June 2019.
<b>B. Objectives for the Company</b>	
<i>Recruitment, selection and promotion objectives</i>	
Subject to the availability of suitable candidates, seek to retain or better the existing proportion of women currently in senior management.	Ongoing. See above.
Using selection and assessment methods which are free from bias and do not discriminate on the basis of individual attributes.	Ongoing.
Reviewing the Company's terms and conditions of employment, and remuneration and benefits programs to make sure they are fair and non-discriminatory.	Ongoing.
<i>Induction and training objectives</i>	
Communicate the Diversity Policy to all employees during their induction.	Ongoing.
As needed, provide appropriate education and training in respect of equal employment opportunity, workplace behaviours and awareness of style and cultural differences.	Ongoing. The Board is continuing to set out clear expectations of behaviours for employees that foster a supportive and inclusive work environment.
Provide all employees with the same opportunity to access training based on their role requirements.	Ongoing.
<i>Flexible work practices objectives</i>	
Arrangements to ensure roles are appropriate to maintain career development.	Ongoing. The Board continues to offer flexible work arrangements.
Ensure awareness of the options for flexible work arrangements and family support programs available.	Ongoing. The Board continues to offer flexible work arrangements.
Objective	Status of the objective
Complete an annual analysis of pay equity with a view to identifying any unexplained pay differentials between positions with similar levels of responsibility.	Ongoing.
<i>Other objectives</i>	
Implement an effective measurement and reporting framework for the Diversity Policy.	Ongoing.

## **RECOMMENDATION 1.6 – BOARD PERFORMANCE ASSESSMENT**

The Board is committed to formally evaluating its performance, the performance of its committees (if applicable) and individual Directors, as well as the governance processes supporting the Board. The Board does this through an annual assessment process.

The review process involves:

- completion of a questionnaire/survey by each director, facilitated by the Company Secretary;
- the preparation and provision of a report to each director with feedback on the performance of the Board based on the survey results; and
- the Board meeting to discuss any areas and actions for improvement.

A Board performance assessment took place in July 2019. An analysis of the data collected indicated that the Board is functioning effectively against the majority of its criteria. It also noted that there were some opportunities identified to improve Board effectiveness.

## **RECOMMENDATION 1.7 – SENIOR EXECUTIVE PERFORMANCE ASSESSMENT**

The performance of the Company's senior executives is reviewed by the Chief Executive Officer as part of the annual remuneration review process and reported to the Remuneration and Nomination Committee. The reviews are undertaken annually and took place in March this year, prior to the commencement of the new financial year. Further details regarding the remuneration review process are set out in the Remuneration Report.

## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

### **RECOMMENDATION 2.1 – NOMINATION COMMITTEE**

The Board has established a Remuneration and Nomination Committee to assist the Board in ensuring it is equipped to discharge its responsibilities. The Committee has guidelines for the nomination and selection of Directors and for the operation of the Board.

During the 2019 financial year, the Remuneration and Nomination Committee consisted of three members, two of which were considered independent being Michael Sandy and Andrew Purcell (Committee Chair). Peter Stickland was considered non-independent on the basis outlined in Recommendation 2.3.

Mr Sandy assumed the role of Chief Executive Officer on an interim basis from 19 July 2019 and is now considered non-independent. For further information please refer to Recommendation 2.3.

Details of meetings held by the Committee during the year and member attendances are set out in the 2019 Directors' Report.

The Remuneration and Nomination Committee Charter is available on the Company's website (<http://www.melbana.com/site/About-Us/corporate-governance>).

In accordance with the Company's Remuneration and Nomination Committee Charter the primary function of the Committee is to assist the Board to carry out the following:

- review director competence standards;
- review Board succession plans;
- evaluate the Board's performance;
- make recommendations for the appointment and removal of directors to the Board; and
- make recommendations to the Board on recruitment, retention and termination policies for senior management.

## RECOMMENDATION 2.2 – BOARD SKILLS MATRIX

Our objective is to have an appropriate mix of expertise and experience on our Board so that it can effectively discharge its corporate governance and oversight responsibilities. It is the Board’s view that the current directors possess an appropriate mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company’s strategic objectives. This mix is subject to review on a regular basis as part of the Board’s performance review process.

The skills and experience represented in the Board and relevant to the Company’s business are set out in the matrix below:

### **Skills and experience**

Risk and Compliance	Stakeholder engagement
Financial and Audit	Industry Relations
ASX Governance	Leadership
Strategy	Ethics and Integrity
Business Operations	Contribution
Policy Development	Negotiation
Capital Markets	Critical Thinker
Technology	Crisis Management
People and Performance	Previous Board Experience
Executive Management	Corporate History
Oil and Gas industry experience	Project evaluation

To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors.

Full details of each Directors’ relevant skills and experience are set out in the Company’s 2019 Annual Report.

## RECOMMENDATION 2.3 – INDEPENDENT DIRECTORS

An independent Director is a Non-Executive Director who is not a member of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement.

The Board regularly assesses the independence of each Non-Executive Director considering the information that each Director is required to disclose in relation to any material contract or other relationship with the Company, in accordance with the director’s terms of appointment, the Corporations Act 2001, and the Board Charter.

When appointing an independent Director or reviewing the independence of its Directors, the Board will have regard to the definition of independent Director and the factors set out in the Recommendations, in particular the factors relevant to assessing the independence of a Director set out in Recommendation 2.3.

The Board’s assessment of each current Director is set out below:

Non-Executive Director	Position	Independence Status	Appointment Date
Andrew Purcell	Non-Executive Chairman	Independent	30 July 2015
Michael Sandy	Executive Director	Non-Independent	30 July 2015
Peter Stickland	Non-Executive Director	Non-Independent	30 January 2015

Mr Peter Stickland is considered a Non-independent Director on the basis that he was Managing Director of the Company within the last 3 years.

Mr Andrew Purcell is considered an Independent Director. His independence status has change from last year as he has now been released from the guarantee he provided on the Company's loan facility which has now been settled.

Mr Michael Sandy is considered an Independent Director for the 2019 financial year. Mr Sandy assumed the role as Chief Executive Officer on an interim basis from 19 July 2019 following the resignation of Mr Robert Zammit until such time as a new Chief Executive Officer is appointed to the Company. The Board is of the view that during this period, Mr Sandy has and continues to exercise good independent judgement and has acted in the best interest of the Company and its shareholders at all times.

The Board has considered the holdings of shares in the Company by Non-Executive directors and is of the opinion that their respective interests in shares would not materially interfere with, or could be reasonably perceived to interfere with, the independent exercise of their judgement in their position as a Director. The Board considers that the independent Director is otherwise free from any business or other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement, and that the Director is able to fulfil the role of independent Director for the purposes of the ASX Recommendations. The Board believe that the separation of the roles of Chairman and Chief Executive Officer, and the composition of the Board is appropriate.

Directors' shareholdings are set out in the 2019 Annual Report.

#### **RECOMMENDATION 2.4 – MAJORITY INDEPENDENCE**

As at the date of this Statement, two of our three Directors' are deemed non-independent. Although the composition of our Board does not comply with Recommendation 2.4, the current Board composition reflects an appropriate balance of skills, expertise and experience to fulfil its obligations to act in the best interests of the Company and all stakeholders. The Board also considers that there are appropriate safeguards in place including policies and protocols to ensure independent thought and decision making.

It is noted that the composition of the Board will be reassessed in the future in line with changes in the Group's operations and will be adjusted as deemed appropriate. The Board will consider the Recommendations in assessing any future changes in board composition.

Further information regarding our Directors', including their experience and qualifications, is set out in the Directors' Report of our 2019 Annual Report.

#### **RECOMMENDATION 2.5 – INDEPENDENT CHAIR**

Andrew Purcell is the Non-Executive Chairman of the Company and is currently considered independent on the basis outlined in Recommendation 2.3. The Chair provides leadership to the Board in relation to all Board matters and is responsible for ensuring that the Board meets its responsibilities under the Board Charter. His role is set out in more detail in the Board Charter.

#### **RECOMMENDATION 2.6 – INDUCTION, EDUCATION AND TRAINING**

In accordance with the Company's Remuneration & Nomination Committee Charter, new Directors are provided with copies of all relevant documents and policies governing the Company's business, operations and management, at the time of joining the Board.

All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge. Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Company.

### **PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

#### **RECOMMENDATION 3.1 – CODE OF CONDUCT**

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct (**Code**) designed to:

- provide a framework for decisions and actions in relation to ethical conduct in employment;
- support the Company's business reputation and corporate image; and
- make Directors' and senior executives aware of the consequences if they breach the Code.

The Code of Conduct is available on the Company's website (<http://www.melbana.com/site/About-Us/corporate-governance>).

The key aspects of this code are to:

- act fairly with honesty and integrity in the best interests of the Company and in the reasonable expectations of shareholders;
- act in accordance with all applicable laws, regulations, and the Company policies and procedures; and
- have responsibility and accountability for individuals for reporting and investigating reports of unethical practices; and
- use the Company's resources and property properly.

The Code of Conduct sets out the Company's policies on various matters including ethical conduct, integrity, conflicts of interest, confidentiality and protection and proper use of assets.

### **PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

#### **RECOMMENDATION 4.1 – AUDIT COMMITTEE**

The Company's Audit and Risk Committee Charter provides for the creation of an Audit and Risk Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director who is not the Board Chair. The Audit and Risk Committee Charter is available on our website at <http://www.melbana.com/site/About-Us/corporate-governance>.

The Board has established an Audit and Risk Committee, which operates under a formal charter approved by the Board, to which it has delegated the responsibility to establish and maintain the framework of internal control and ethical standards for the management of the company. The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

During the 2019 financial year, the Audit and Risk Committee consisted of three members, two of which were considered independent being Michael Sandy (Committee Chair) and Andrew Purcell. Peter Stickland was considered non-independent on the basis outlined in Recommendation 2.3.

Mr Sandy assumed the role of Chief Executive Officer on an interim basis from 19 July 2019 and is now considered non-independent. For further information please refer to Recommendation 2.3.

The number of meetings held and individual attendances of Committee members at those meetings are disclosed in the 2019 Directors' Report.



## **RECOMMENDATION 4.2 – ASSURANCES**

The CEO and Chief Financial Officer (**CFO**) provide an annual declaration to the Board prior to the Board's approval of the Company's full year financial results. This process was followed for the 2019 full year financial results, where the CEO and CFO provided a declaration to the Board that, in their opinion, the financial records of the Company 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 Company, and that the opinion has been formed on the basis of a sound system of risk management and internal controls which is operating effectively.

## **RECOMMENDATION 4.3 – EXTERNAL AUDITOR ATTENDS ANNUAL GENERAL MEETING**

The Company's external auditor attends every Annual General Meeting, in accordance with the Corporations Act 2001. Shareholders are allowed an opportunity at the meeting to ask the auditor questions relevant to their audit, their report and independence and the accounting policies adopted by the Company.

## **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

### **RECOMMENDATION 5.1 – CONTINUOUS DISCLOSURE POLICY**

We are committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules and the Corporations Act.

To comply with these obligations, the Board has adopted a Continuous Disclosure Policy, which is available on our website at <http://www.melbana.com/site/About-Us/corporate-governance>. This Continuous Disclosure Policy sets out the key obligations of directors and employees in relation to the Company's continuous disclosure requirements.

The Board has overarching responsibility for compliance with continuous disclosure obligations and Board approval is required for certain key matters (as set out in the Continuous Disclosure Policy) and matters may be referred to the Board for approval by the CEO or the Company Secretary.

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market and in compliance with our Securities Trading Policy (as applicable). In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. The Company website includes a link to all information disclosed to the ASX.

## **PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS**

### **RECOMMENDATION 6.1 – INFORMATION AND GOVERNANCE**

The Company's website [www.melbana.com](http://www.melbana.com) contains information about the Company, its corporate governance practices and policies and biographies of the Board members.

The Company also maintains a separate investors page on the website to provide shareholders with links to annual and interim reports, ASX announcements, and other key information.

### **RECOMMENDATION 6.2 – INVESTOR RELATIONS PROGRAM**

We endeavour to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions. The Company has a program approved by the Board with respect to investor relations.



Shareholder queries should be referred to the Company Secretary in the first instance.

The Company's Disclosure Policy which is available on the Company's website (<http://www.melbana.com/site/About-Us/corporate-governance>), sets out the processes regarding interaction with shareholders, investors and the public.

### **RECOMMENDATION 6.3 – SHAREHOLDER MEETING PARTICIPATION**

Shareholders are forwarded the Company's Annual Report, if requested (it is otherwise made available on the Company's website), and documents relating to each general meeting, being the notice of meeting, any explanatory memorandum and a proxy form and shareholders are invited to attend these meetings.

The Board regards each general meeting as an important opportunity to communicate with shareholders and it provides a key forum for shareholders to ask questions about the Company, its strategy and performance. At shareholder meetings, the Company will provide an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and if applicable our external auditor.

### **RECOMMENDATION 6.4 – ELECTRONIC COMMUNICATIONS WITH SHAREHOLDERS**

The Disclosure Policy provides that security holders are given the option to receive communication from, and send communications to, the Company and its share registry, Link Market Services, electronically. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.

Shareholder queries should be referred to the Company Secretary at first instance.

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

### **RECOMMENDATION 7.1 – RISK COMMITTEE**

The Company's Audit and Risk Committee Charter provides for the creation of an Audit and Risk Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director who is not the Board Chair. The Audit and Risk Committee Charter is available on our website at <http://www.melbana.com/site/About-Us/corporate-governance>.

The Board has established an Audit and Risk Committee, which operates under a formal charter approved by the Board, to which it has delegated the responsibility to establish and maintain the framework of internal control and ethical standards for the management of the company. The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

During the 2019 financial year, the Audit and Risk Committee consisted of three members, two of which were considered independent being Michael Sandy (Committee Chair) and Andrew Purcell. Peter Stickland was considered non-independent on the basis outlined in Recommendation 2.3.

Mr Sandy assumed the role of Chief Executive Officer on an interim basis from 19 July 2019 and is now considered non-independent. For further information please refer to Recommendation 2.3.

Details of meetings held by the Committee during the year and member attendances are set out in the 2019 Directors' Report.

In accordance with the Company's Audit and Risk Committee Charter the Committee also has delegated responsibilities in relation to risk management which includes assisting the Board to:

- review and make recommendations regarding the adequacy and integrity of the Company's risk management framework and system of internal controls; and
- reviewing compliance with relevant laws and regulations

## **RECOMMENDATION 7.2 – RISK MANAGEMENT FRAMEWORK**

The Group's risk management framework is supported by the Board of directors, management team and the Audit and Risk Committee. The Board is responsible for approving and review the Company's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.

Management, through the Chief Executive Officer is primarily responsible for identifying, monitoring and responding to risk events and communicating them to the Board. Regular updates are provided to the Board by management on the management of material business risks.

The systems of internal financial control have been determined by the Board as adequate to provide appropriate but not absolute, protection against fraud, material misstatement or loss.

## **RECOMMENDATION 7.3 – INTERNAL AUDIT**

The Audit and Risk Committee Charter provides for the Committee to monitor the need for an internal audit function.

The Company did not have an internal audit function for the past financial year and due to the size of the Company the Board does not consider it necessary to have an internal audit function.

The Company will employ the following process for evaluating and continually improving the effectiveness of its risk management and internal control processes:

- the Audit and Risk Committee will monitor the need for an internal audit function having regard to the size, location and complexity of the Company's operations; and
- the Audit and Risk Committee will periodically undertake an internal review of financial systems and processes where systems are considered to require improvement these systems are developed.

## **RECOMMENDATION 7.4 – ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISK**

Management reports to the Board on material risks, along with their associated controls, based on standard risk assessment and acceptance criteria.

## **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

### **RECOMMENDATION 8.1: REMUNERATION COMMITTEE**

The Company's Remuneration and Nomination Committee Charter provides for the creation of a Remuneration and Nomination Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director. The Remuneration and Nomination Committee Charter is available on our website at <http://www.melbana.com/site/About-Us/corporate-governance>.

During the 2019 financial year, the Remuneration and Nomination Committee consisted of three members, two of which were considered independent being Michael Sandy and Andrew Purcell (Committee Chair). Peter Stickland was considered non-independent on the basis outlined in Recommendation 2.3.

Mr Sandy assumed the role of Chief Executive Officer on an interim basis from 19 July 2019 and is now considered non-independent. For further information please refer to Recommendation 2.3.

Its role includes assisting the Board to:

- assessing the size and composition of the board, having regard the objective that the board comprise directors with a broad range of skills, expertise and experience from a broad range of backgrounds, including gender;
- assisting the board in reviewing the performance of the board, its committees and individual non-executive directors;
- reviewing and recommending to the board candidates for election and re-election as directors in accordance with the board's criteria; and
- annually reviewing and making recommendations to the board about the board diversity policy.

Details of meetings held by the Committee during the year and member attendances are set out in the 2019 Directors' Report.

### **RECOMMENDATION 8.2: REMUNERATION POLICIES AND PRACTICES**

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration policies for the directors and senior executives. If necessary, it obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Company.

Details of the Company's remuneration practices for its Directors and senior executives are disclosed in the Remuneration Report in the Company's Annual Report. The Remuneration Report highlights the balance between fixed pay, short term incentive and long-term incentives, and includes details of the remuneration paid and the relationship to the Company's performance.

### **RECOMMENDATION 8.3: EQUITY BASED REMUNERATION SCHEME**

The Company's Long-Term Incentive Plan prohibits participants from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

The Company also has a Securities Trading Policy, as displayed on the Company's website, provides that participants must not, without prior approval of the Company Secretary, entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.