



## 2015 CORPORATE GOVERNANCE STATEMENT

*Dated 30 June 2015*

*Adopted by the Board on 28 October 2015*

The Board of Directors of Independence Group NL (IGO or the Company) has a clear understanding that it is responsible for the Company's corporate governance and recognises the importance of its corporate governance framework in establishing accountabilities, guiding and regulating activities, monitoring and managing risks and optimising the Company's performance. The Board recognises the need to review regularly its system of corporate governance as best practice evolves over time. This Corporate Governance Statement (Statement) outlines the Company's current corporate governance framework, by reference to the Corporate Governance, Principles and Recommendations (CGC Principles and Recommendations) of the ASX Corporate Governance Council. This Statement can also be found on IGO's website at <http://www.igo.com.au/irm/content/governance.aspx?RID=295>.

The CGC Principles and Recommendations presently consist of recommendations relating to eight Principles. The ASX Corporate Governance Council recognises that not all recommendations are appropriate for all companies and acknowledges that a company should only adopt those recommendations that are suitable for its circumstances. The Board believes that the corporate governance policies and procedures in place as at the date of this Statement follow all recommendations.

During the second half of FY2015 the Board reviewed all of the Company's Corporate Governance Codes, Charters, Policies and Guidelines. A new Sustainability and Risk Committee Charter, Whistleblower Policy and Anti-Bribery and Corruption Policy and the conversion of the Guidelines for Dealing in Securities to a formal Dealing in Securities Policy were approved by the Board. The following new and updated Corporate Governance Codes, Charters, Policies and Guidelines have been put on IGO's website ([www.igo.com.au](http://www.igo.com.au)):

1. Code of Conduct;
2. Dealing in Securities Policy;
3. Continuous Disclosure and Communication Policy;
4. Whistleblower Policy;



5. Anti-Bribery and Corruption Policy;
6. Diversity and Equal Opportunity Policy;
7. Privacy Policy;
8. Board Charter;
9. Audit Committee Charter;
10. Sustainability and Risk Committee Charter;
11. Remuneration Committee Charter; and
12. Nomination Committee Charter.

An annual review process for all of the Company's Corporate Governance Codes, Charters, Policies and Guidelines is in place to ensure all of the Company's Corporate Governance Codes, Charters, Policies and Guidelines are reviewed annually, kept up to date and are in line with best practice.

The third edition of the CGC Principles and Recommendations was published by the ASX Corporate Governance Council on 27 March 2014. ASX introduced the requirement to publish the information set out in Appendix 4G - Key to Disclosures Corporate Governance Council Principles and Recommendations.

As part of the review process, and in compliance with the third edition of the CGC Principles and Recommendations, the Company has assessed itself against the criteria set out in Appendix 4G of the ASX Listing Rules.

### **Principle 1: Lay solid foundations for management and oversight**

The matters reserved to the Board are set out in the Board Charter in the Corporate Governance section of the Company's website. In summary, the Board is responsible for delegating powers to Management for the day to day management of the Company, approving long term corporate strategy, reviewing and approving business plans and annual budgets, approving material capital expenditure, approving and monitoring the adherence to Company policies, developing and promoting corporate governance, and approval of financial statements. IGO has a written agreement with each director and senior executive setting out the terms of their appointment. The Board Charter provides that 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 Board is also responsible for monitoring compliance with the Code of Conduct, monitoring the Company's performance, overseeing risk management and internal controls, and the assessment, appointment and removal of the Managing Director, Company Secretary and other senior management.



The Board has delegated the following functions to the Managing Director and the other senior executives:

- the effective leadership of IGO;
- the preparation and implementation of development and operational plans to achieve the strategic, operational and financial objectives of IGO as determined by the Board;
- the management of the day to day affairs of IGO, including its people, processes, policies and systems;
- the conduct of commercial negotiations with other entities;
- the development and maintenance of effective relationships with IGO's employees, shareholders, joint venture partners, governments at all levels and government agencies, suppliers and customers and local landowners;
- reporting to the Board and providing prompt and full information regarding the conduct of the business of IGO; and
- ensuring all material matters that affect IGO are brought to the Board's attention.

The process for evaluating the performance of senior executives is carried out within the framework of the Remuneration Policy and delegations set out in the Remuneration Committee Charter which is set out in the Corporate Governance section of the Company's website. Evaluations are conducted annually. The evaluations of the Managing Director are conducted by the Remuneration Committee. Their most recent evaluation was carried out in August 2015. The evaluations of the other senior executives are conducted by the Managing Director, through a structured interview process and presented to the Remuneration Committee. A performance improvement plan is completed as part of this process. The most recent evaluations were carried out in August 2015. All evaluations were carried out in accordance with the process disclosed.

The process, which has been adopted by the Board, for evaluating the performance of the Board, its Committees and non-executive directors is that, every third year, the Board engages the services of an independent facilitator with expertise in this field to guide the Board through a comprehensive evaluation process. In the other years, the Board carries out an internal evaluation. A comprehensive evaluation with the assistance of an independent facilitator was carried out in June 2013. In May and June 2015, the Board carried out an internal evaluation of the experience, performance and composition of the Board. The results of this evaluation are currently being implemented.

In line with engaging a third party to review Board and Committee performance every third year, in FY2016 the Board plans to engage the services of an independent facilitator with expertise in this field to guide the Board through a comprehensive evaluation process. This comprehensive evaluation is expected to be carried out in the last quarter of FY2016.



### ***Diversity and Equal Employment Opportunity***

In March 2015, the Company reviewed and updated its Diversity and Equal Employment Opportunity (EEO) Policy. The Board recognises that corporate performance is enhanced when a company has an appropriate and diverse mix of skills and experience. The policy aims to ensure fair and unbiased remuneration between the genders, recruitment and retention campaigns that encourage diversity, no gender bias when considering senior executive and Board positions and that no discrimination on the basis of gender or race takes place within the Company. The Board will monitor compliance with the Diversity and EEO Policy and ensure there is annual reporting of the achievement of performance measures contained in that Policy.

The following measurable objectives were set early in June 2013 and reviewed in March 2015:

- A. All persons with appropriate experience and qualifications are to be considered equally when new employees or directors are being recruited. All recruitment is being carried out on this basis. The Company's Organisational Capability Manager, who oversees the recruitment processes, is a female who is sensitive to the importance of the Board's Diversity and EEO Policy.
- B. All persons with appropriate experience and qualifications are to be considered equally when opportunities for promotion or advancement arise. All such opportunities are being carried out on this basis.
- C. There is to be at least one female representative of the Company involved in the selection process for all new senior executives and directors. This procedure has been and is being followed.
- D. Promotion of equality in remuneration levels: A review of gender remuneration parity is required to be carried out at least once each year, taking into account relative performance, experience, location and job nature and a report is to be provided to the Board. This objective was set in June 2013.

The key statistics relating to gender diversity within the Company statistics are as follows:

Proportion of women employees in the Group at 30 June 2015: 16.4% (2013: 18%).

Proportion of women in senior executive roles in the Group at 30 June 2015: 19% (2014: 21%).

Proportion of women on the Board of the Company at 30 June 2015: 0% (2014: 20%).

For the purposes of above, senior executives are categorised as those who hold a senior manager or senior executive role. The above represents a categorisation in line with Workplace Gender Equality Agency definitions and represent a departure from the categorisations of the 2014 report to provide consistency of reporting.



## Measurement Criteria

In order to encourage diversity within the organisation, IGO sets out the following measurement criteria:-

- Percentage of women employed within the entire Company;
- Percentage of women employed in senior positions;
- Percentage of women on the Board; and
- Benchmark IGO's position against its peers on diversity.

IGO will report on these measurement criteria on an annual basis in the corporate governance statement. IGO will also report on the measurement criteria set by the Workplace Gender Diversity Agency on an annual basis (see [www.igo.com.au](http://www.igo.com.au)).

## Board Composition

IGO will not discriminate against any group, including females, when considering the nomination of new directors.

The Nomination Committee is responsible to the Board for ensuring IGO does not discriminate when considering the nomination of new directors. The Nomination Committee will ensure that Board performance reviews include consideration of diversity criteria as well as skills.

The Board has also introduced various Policies and Charters which are designed to foster ethical and professional conduct such as the Code of Conduct, the Board Charter and the Nomination Committee Charter.

## Key Performance Indicators

IGO will introduce key performance indicators for senior management to measure the achievement of its diversity strategies and will link part of senior management's remuneration (either directly or as part of a "balanced scorecard" approach) to the achievement of its diversity strategies.

## Principle 2: Structure the Board to add value

The Board currently consists of one executive director (the Managing Director) and six non-executive directors (including the Chairman). The Board considers that four of the seven directors are independent: Mr. Peter Bilbe (Chairman), Mr. Geoff Clifford, Mr. Keith Spence and Mr. Peter Buck.

The Board considers that Mr. Neil Warburton is not independent because he is considered a nominee of, or an associate, of IGO's largest shareholder, Mr. Mark Creasy. The Board considers that Dr. Mark Bennett is not independent because he was the Managing Director of a wholly owned subsidiary, Sirius Resources NL, in the last three years.

In making these assessments of independence the Board has followed the evaluation criteria of the Board's Guidelines on Director Independence which is set out in the Board Charter available in the Corporate Governance section of the Company's website. These guidelines are in conformity with the guidelines of the ASX Corporate Governance Council and require the satisfaction of all of the items on a list of criteria, the most significant of which are:

- The director must be in a non-executive role where any fees payable by the Company could not be considered to make the director reliant on such remuneration;
- The director must have no other material contractual relationship with the Company other than as a director of the Company;
- The director is not a substantial shareholder of the Company;
- The director has not been employed in an executive capacity by the Company and has not been a principal of a material adviser or consultant to the Company within the last three years; and
- The director is free from any interest which could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Company.

Information pertaining to the relevant skills, experience and expertise of the directors of the Company as at the date of this Statement is included in the 2015 Annual Report. As at that date the period in office of each of those directors was as follows:

- Mr. Peter Bilbe: 5 years
- Mr. Peter Bradford: 1 year and 7 months
- Mr. Geoff Clifford: 2 years and 10 months
- Mr. Peter Buck: 1 year
- Mr. Keith Spence: 10 months
- Dr. Mark Bennett: less than 1 month
- Mr. Neill Warburton: less than 1 month

The Board has established a Nomination Committee pursuant to the Nomination Committee Charter and the policies included therein. Given that the total number of directors was five during FY2015, the Board considered it appropriate that all of the directors should be members of that Nomination Committee. It is chaired by an independent director, the Board's Chairman, Mr. Peter Bilbe. There was one meeting of the Nomination Committee held during FY2015 and all directors attended.

In accordance with the Nomination Committee Charter and the Diversity and Equal Opportunity Policy, the Board seeks members with demonstrable skills, capability, experience and ability to

question and debate with other Board members, the ability to operate as part of a team, the ability to contribute outstanding performance and have a track record of impeccable ethics and values. The Board seeks to have a mix of age, skills, knowledge, experience and expertise in its ranks. The mix of skills and experience on the Board at 28 October 2015 was as follows:

<b>Skills and Experience</b>	<b>Board</b>	<b>Audit Committee</b>	<b>Risk Committee</b>	<b>Remuneration Committee</b>	<b>Nomination Committee</b>
Strategy	7 directors	4 Directors	5 directors	4 Directors	5 directors
Executive Leadership	7 directors	4 Directors	5 directors	4 Directors	5 directors
Risk Management	6 directors	4 Directors	5 directors	4 Directors	5 directors
Mining and Processing	5 directors	2 directors	3 directors	2 directors	3 directors
Exploration and Geology	5 directors	3 directors	3 directors	3 directors	3 directors
Board Leadership	7 directors	4 Directors	5 directors	4 Directors	5 directors
Governance	7 directors	4 Directors	5 directors	4 Directors	5 directors
Financial Acumen/Corporate Finance	6 directors	3 directors	4 directors	3 directors	4 directors
Health, safety, environment	5 directors	3 director	4 directors	3 directors	4 directors
M&A (project and/or corporate)	7 directors	4 Directors	5 directors	4 Directors	5 directors
Capital Projects	7 directors	4 Directors	5 directors	4 Directors	5 directors

In considering new appointments, the Board will have regard to the need to augment the skills, knowledge, experience and capabilities of the current members and to meet its future needs, the Company's sustainable growth ambitions and diversity aspirations. In doing so, the Board recognises the unique skills, experience and outlook that different genders can bring to the group.

Board members have the right to seek independent professional advice at the Company's expense in the furtherance of their duties as directors.



The Board intends to review the composition of all Board Committees in FY2016 as part of the integration of the newly acquired and now wholly owned subsidiary, Sirius Resources NL, and the appointment of Dr. Mark Bennett and Mr. Neil Warburton to the Board in October 2015.

### **Principle 3: Promote ethical and responsible decision making**

The Company aims to maintain the highest standard of ethical behaviour in business dealings and to behave with integrity in all its dealings with customers, clients, shareholders, government, employees, suppliers and the community. Directors and employees are expected to perform their duties in a professional manner and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Board has a clear understanding that it is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Company is considered reputable by the industry and other outside entities. This involves considering the impact of the Company's decisions on the industry, its colleagues and the general community. With this in mind the Board reviewed and approved an updated and best practice Code of Conduct that has now been presented to staff at all sites. In summary, the Code of Conduct adopted by the Company and set out in the Corporate Governance section of the Company's website requires that all employees and directors:

- act in accordance with occupational health and safety legislation, regulations and policies applicable to their respective organisations and to use security and safety equipment provided;
- act with honesty and integrity;
- respect the law and act accordingly;
- respect confidentiality and not misuse information;
- value and maintain professionalism;
- avoid conflicts of interest;
- act in accordance with the Company's policies procedures and guidelines;
- strive to be good corporate citizens on responsibilities such as sustainable development, health, safety, environment and community; and
- have respect for each other, including by embracing diversity, openness, sharing, mutual trust and teamwork.

The Code of Conduct imposes a responsibility on individuals to report breaches of the Code to executive management or to a director so that appropriate remedial action can be taken.



### **Principle 4: Safeguarding integrity in financial reporting**

The Board has an Audit Committee, structured in accordance with the CGC Principles and Recommendations. The Board's Audit Committee's Charter, which was reviewed and updated for best practice during FY2015, is set out in the Corporate Governance section of the Company's website.

The Chairman of the Audit Committee is Mr. Geoff Clifford, a non-executive director who is not the Chairman of the Board. Mr. Clifford was appointed to the Audit Committee in December 2012. The other members of the Audit Committee are non-executive directors Mr. Keith Spence, Mr. Peter Bilbe and Mr. Peter Buck. The majority of the members are independent directors. Mr. Clifford is a qualified accountant and chartered secretary with considerable financial and managerial experience. There were three meetings of the Audit Committee held during FY2015. Details of attendance are disclosed in the Directors' Report.

The Audit Committee reports to the Board and in summary is responsible for the following:

- overseeing the Company's relationship with the external auditor and the external audit function generally as set out in the External Audit Policy (set out in Attachment 1 of the Audit Committee Charter);
- overseeing the adequacy of the control processes in place in relation to the preparation of financial statements and reports; and
- overseeing the adequacy of the Company's financial controls.

The Audit Committee has specific functions on audit and is required to review and report to the Board on certain matters set out in the Audit Committee Charter.

The external auditor is required to attend the Annual General Meeting to answer any questions from security holders relevant to the Audit.

The Managing Director and Chief Financial Officer (CFO) provided a declaration in accordance with Section 295A of the Corporations Act most recently on 21 August 2015 for the FY2015 annual accounts and assured the Board that the declaration is founded on a sound system of risk management and internal controls and that the systems are operating effectively and efficiently in all material respects. The Managing Director and CFO also provided a similar declaration during FY2015 in relation to accounts for the half-year ended 31 December 2014 and the annual accounts for FY2014.

### **Principle 5: Make timely and balanced disclosure**

The Company has established policies and procedures, set out in its Continuous Disclosure and Information Policy, relating to the disclosure of information to interested parties. During FY2015 the Company reviewed and updated its Continuous Disclosure and Information Policy for best practice and incorporated various changes to the law and regulations. A copy of the Policy is in the Corporate Governance section of IGO's website ([www.igo.com.au](http://www.igo.com.au)).



The Company Secretary is responsible for ensuring the Company complies with ASX Listing Rules and is responsible for communicating with the ASX.

### **Principle 6: Respect the rights of shareholders**

The Company has established a Continuous Disclosure and Information Policy which is designed to ensure that the Company communicates effectively with its shareholders and the investment community and that information is released and made available in an equitable manner.

It is the policy of the Company to communicate effectively with its shareholders by giving them ready access to balanced and understandable information about the Company and making it easier for them to participate in general meetings.

All shareholders receive a copy of the Company's annual report unless they have elected not to receive a copy. Copies of the Company's quarterly and half yearly reports are provided to the ASX and placed on IGO's website ([www.igo.com.au](http://www.igo.com.au)). Copies of these reports are sent to any shareholder or interested party requesting a copy.

Notices of meetings are mailed to all shareholders unless they have elected not to receive a copy and are also placed on IGO's website ([www.igo.com.au](http://www.igo.com.au)). Notices of meeting are to be as easily read and understandable as possible, however they must comply with the legal requirements contained in the Corporations Act and the ASX Listing Rules.

Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically. The contact details of the Company and its share registry are available on its website at [www.igo.com.au](http://www.igo.com.au).

All information disclosed to the ASX is placed on IGO's website ([www.igo.com.au](http://www.igo.com.au)) as soon as it is disclosed to and acknowledged by the ASX. When analysts are briefed on the Company's activities, any information provided in the presentation (if material and not previously released) is released to the ASX and placed on IGO's website ([www.igo.com.au](http://www.igo.com.au)).

As part of the Company's efforts to ensure that it communicates effectively with its shareholders and the investment community, the Company's analyst briefing and presentation for each Quarterly Report during FY2015 was webcast live on the Company's website ([www.igo.com.au](http://www.igo.com.au)). A link to this webcast was released to ASX to allow shareholders to either listen live or at a later date. Webcasts are available for a substantial period after the live webcast.

### **Principle 7: Recognise and manage risk**

The Board is responsible for the identification of significant areas of business risk, implementing procedures to manage such risks and developing policies regarding the establishment and maintenance of appropriate ethical standards to:

- ensure compliance in legal, statutory and ethical matters;
- monitor the business environment;



- identify business risk areas;
- identify business opportunities; and
- monitor systems established to ensure prompt and appropriate responses to shareholder complaints and enquiries.

The Board has formally established a Sustainability and Risk Committee to review the Company's risk management systems and procedures. Given that the total number of directors was five during FY2015, the Board considered it appropriate that all of the directors should be members of that Committee. It is chaired by an independent director, Mr. Keith Spence. There were three meetings of the Sustainability and Risk Committee held during FY2015 and details of attendance are disclosed in the Directors' Report.

The Board's Sustainability and Risk Committee's Charter was reviewed and updated for best practice during FY2015 and is set out in the Corporate Governance section of the Company's website ([www.igo.com.au](http://www.igo.com.au)).

Management has put in place a risk management system which requires regular risk reviews and requires all identified risks to be entered into a risk register. Any controls implemented to mitigate these risks are then linked to the risks to produce a mitigated risk register. The Board discusses with senior management periodically at Board Meetings the subject of risk management. The Sustainability and Risk Committee meets at least annually with senior management to interrogate the risk register and to ensure that all reasonable procedures have been put in place to mitigate the Company's risks. During FY2015, the Sustainability and Risk Committee carried out the above-mentioned procedures and senior management reported on the effectiveness of the Company's management of its material business risks.

The Company's risk management program is designed to ensure that the Company identifies, documents, communicates and proactively manages material risks in a systematic way. This ensures that risk management is embedded within the culture of the business. This structure enables consideration of both the long term interests of the business as well as the day to day operations. It also ensures focus is given to those unlikely events with potentially catastrophic impacts to our business.

The Company does not have an internal audit function. However, it does have the following processes for evaluating and continually improving the effectiveness of its risk management and internal control processes:

- regular monthly reports presented to the Board;
- regular risk management reviews;
- the results of risk management reviews are presented regularly to the Sustainability and Risk Committee and Board; and



- the Audit Committee and the Sustainability and Risk Committee both meet at least quarterly.

### ***Material exposure to economic, environmental and social sustainability risks***

The Company does have material exposure to economic, environmental and social sustainability risks, including exposure to commodity and foreign exchange market fluctuations and changes in environmental regulatory legislation.

To assist with management of its exposure to commodity and foreign exchange market fluctuations, the Company has established a Financial Risk Management Policy which is overseen by the Hedging Committee (discussed below).

The Company employs suitably qualified personnel to assist with the management of its exposure to environmental and social sustainability risks including appropriate health and safety personnel as well as heritage and environmental experts. These risks are discussed in more detail in the Company's Sustainability Report which can be found on the Company's website ([www.igo.com.au](http://www.igo.com.au)).

### ***Hedging Committee***

The Company has a Hedging Committee to make recommendations to the Board on hedging policies, consider relevant financial risk management strategies and to maintain the hedging portfolio. The members of the Hedging Committee at the date of this Statement are Mr. Geoff Clifford (Audit Committee Chair), Mr. Peter Bradford (Managing Director) and Mr. Scott Steinkrug (CFO).

### ***Dealing in Securities Policy (Share Trading Policy)***

The Dealing in Securities was reviewed and updated for best practice during FY2015 and it was decided that these guidelines be converted into a formal Dealing in Securities Policy. This policy is set out in the Corporate Governance section of IGO's website ([www.igo.com.au](http://www.igo.com.au)).

The Company has put in place a policy to ensure that directors, officers and employees do not trade in the Company's shares if they are aware of non-public information that could be expected to have a material effect on the market price of the Company's shares. The Company has also put in place a restriction on any employee or director securing Company's shares by way of margin loans and other derivative trading methods. Executive directors and employees are prohibited from entering into transactions or arrangements which limit the risk of participating in unvested employee entitlements (i.e. hedging arrangements).

### **Principle 8: Remunerate fairly and responsibly**

The Board has a Remuneration Committee, structured in accordance with the CGC Principles and Recommendations. The Chairman of the Committee is Mr. Peter Buck. The other three members are Mr. Geoff Clifford, Mr. Keith Spence and Mr. Peter Bilbe. All four members are independent directors. The Board's Remuneration Policy, as set out in the Remuneration Report, was reviewed



in August 2015. There was one meeting of the Remuneration Committee held during FY2015 and details of attendance are disclosed in the Directors' Report.

During FY2015, the Board reviewed and approved an updated Remuneration Committee Charter. This updated Remuneration Committee Charter is disclosed in the Corporate Governance section of the Company's website ([www.igo.com.au](http://www.igo.com.au)).

The Company has clearly distinguished the remuneration structures of the non-executive directors from that of executive directors and executives. The full details of the remuneration of these persons during the year ended 30 June 2015 is set out in the Remuneration Report within the Directors' Report in this 2015 Annual Report.

Non-executive directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits.

### **Sustainability Report**

IGO has published a Sustainability Report for the first time in 2015. A copy of this report is available on IGO's website ([www.igo.com.au](http://www.igo.com.au)).

### **Whistleblower Policy and Anti-Bribery and Corruption Policy**

As part of the Company's ongoing review and implementation of Corporate Governance best practice, during FY2015, the Board approved a Whistleblower Policy and an Anti-Bribery and Corruption Policy. These new policies are contained in the Governance segment on the Sustainability section of IGO's website ([www.igo.com.au](http://www.igo.com.au)).

### **Policies and Procedures on the Company's website**

The following codes, policies, guidelines and charters are contained in the Governance page on the Sustainability section of IGO's website ([www.igo.com.au](http://www.igo.com.au)):

1. Code of Conduct;
2. Dealing in Securities Policy;
3. Continuous Disclosure and Communication Policy;
4. Whistleblower Policy;
5. Anti-Bribery and Corruption Policy;
6. Diversity and Equal Opportunity Policy;
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8. Board Charter;
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- 10. Sustainability and Risk Committee Charter;
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**For further information contact:**

Peter Bradford  
Managing Director  
Independence Group NL  
Telephone: 08 9238 8300

Joanne McDonald  
Company Secretary  
Independence Group NL  
Telephone: 08 9238 8300