

## Corporate Governance Statement

Please find attached, Alumina Limited's 2015 Corporate Governance Statement, a copy of which is located in the Governance section of the Company's web site.



**Stephen Foster**  
**Company Secretary**

30 March 2016

# Prepared

2015 CORPORATE GOVERNANCE STATEMENT



**ALUMINA**  
LIMITED

The following statement describes Alumina Limited's corporate governance framework, policies and practices. The governance framework is approved by the Board of Directors and management is generally responsible for its implementation.

This statement relates to the financial year ended 31 December 2015 and is accurate and up to date as at 15 March 2016. This statement has been approved by the Board.

### APPROACH TO CORPORATE GOVERNANCE

When Alumina Limited considers its corporate governance responsibilities it takes into account:

- analysing and adopting best practice governance principles and practices
- overlaying its business philosophy and practices with its ethical values and principles
- prudent delegation of responsibilities
- appropriate systems, processes and authorities, responsible delegation of duties and authorities and internal controls.

### WEBSITE

The Company's website ([www.aluminalimited.com/governance](http://www.aluminalimited.com/governance)) contains more detailed information on Alumina Limited's Board and Committee Charters and corporate governance policies and practices.

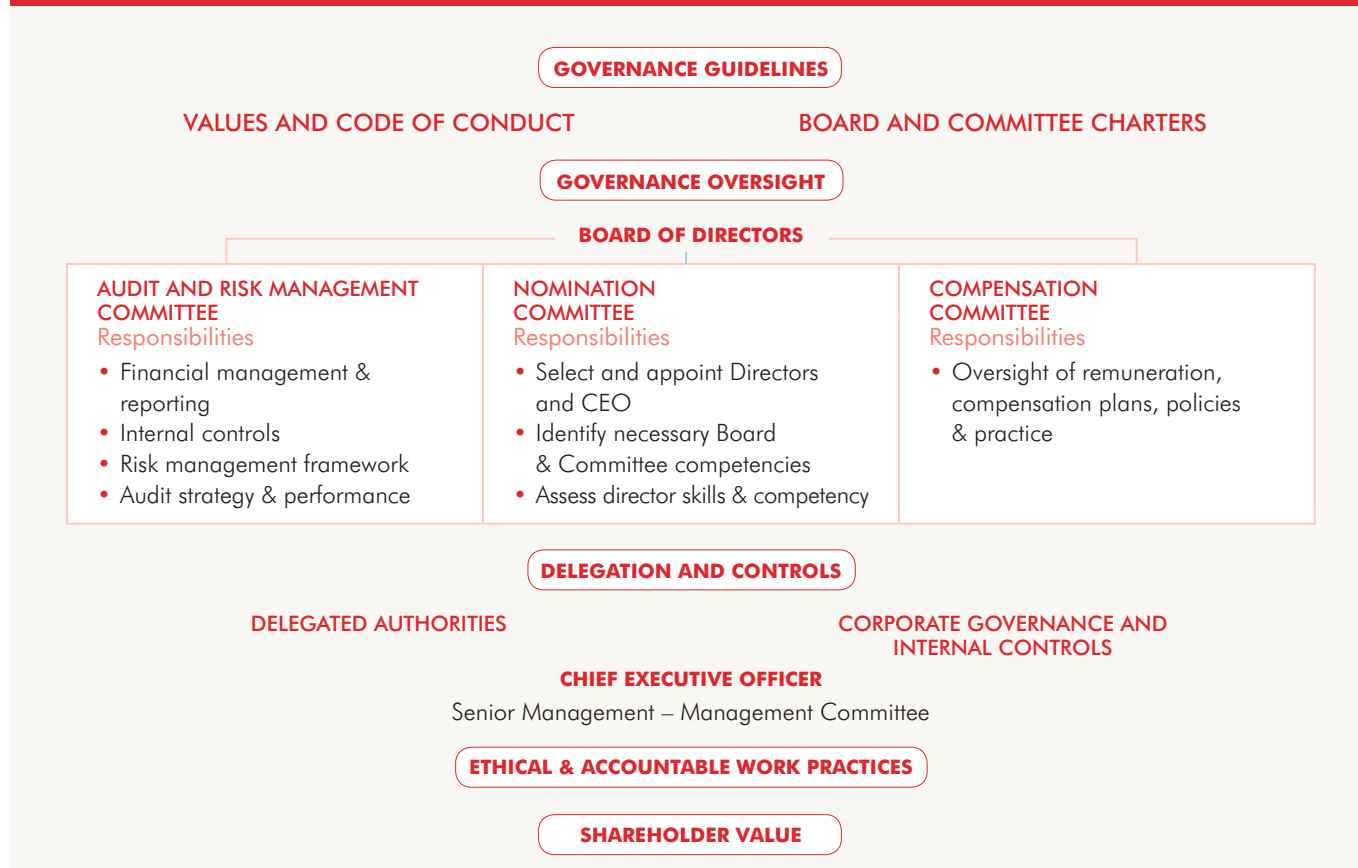
### COMPLIANCE WITH CORPORATE GOVERNANCE CODES

Alumina Limited is a listed company on the Australian Securities Exchange (ASX) and trades on the OTC Market in the US. Alumina Limited meets each of the requirements of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition).

Refer to the Appendix 4G lodged by Alumina Limited with the ASX, which sets out the extent of compliance with each ASX Recommendation and specifies where relevant corporate governance disclosures can be found.

Alumina Limited deregistered from the US Securities Exchange Commission (SEC) effective from 2 June 2015.

## GOVERNANCE FRAMEWORK



## GOVERNANCE GUIDELINES – PROMOTING ETHICAL CONDUCT AND BEHAVIOUR

Alumina Limited's Corporate Governance Framework is driven by its corporate values and Code of Conduct. These are the defining ethical boundaries of the Company and from which its corporate culture is derived. These standards apply to the Company's directors, Chief Executive Officer (CEO), senior executives and other employees. Training on the Code of Conduct is conducted annually and directors, the CEO, senior executives and other employees are required to certify that they understand and agree to abide by these standards.

Alumina Limited also has a Sustainability Policy that outlines our commitment and goals towards sustainable business practices in relation to the Company, AWAC and our stakeholders.

The Company's values are detailed in full on our website at [www.aluminalimited.com/values-and-code-of-conduct](http://www.aluminalimited.com/values-and-code-of-conduct).

Alumina Limited's Code of Conduct provides guiding principles for directors, CEO, senior executives and other employees conducting themselves in daily business:

- We will be honest and ethical in all of our actions and relationships and act in the interests of the shareholders.
- As a minimum, we will observe the rule and intent of all relevant governmental laws, regulatory and professional rules and guidelines.
- We will maintain an appropriate level of confidentiality at all times with respect to Company, employees and business associates' information.
- We will act fairly, be honest, open, and accountable in all dealings with internal and external parties.
- We will avoid situations in which individual personal interest may conflict with the interest of the Company and communicate any real or potential conflicts of interest to the Board.
- We will maintain all records of the Company to be accurate, in accordance with applicable procedures and accounting standards and that financial information is complete, fair, timely and understandable.
- Where commercially prudent, financial information will be openly available to internal and external users.
- We will maintain systems of sound internal controls and procedures, and act in a manner to protect the Company's assets, appropriately manage risk and ensure financial information is complete and accurate.
- We will uphold the Company's values and principles as reflected in this Code, the Company's policies, standards and charters.
- We will not use the corporate privilege of information, position or property for the purposes of personal gain or competing with the Company.
- In fostering ethical, fair and legal behaviour, we encourage officers and employees to report any questionable practice. Reprisals against people for reports made in good faith will not be tolerated.
- Any request for a waiver of the provisions of this Code may only be considered by the Company's Board of Directors. Any waiver granted will be promptly disclosed on the Company's website.
- Any suspected violations of this Code should be reported promptly to the Chairman of the Company's Board of Directors. Violations will be investigated by the Board or by a person or persons designated by the Board and appropriate action will be taken in the event of any violations of the Code.

The Company also has an International Business Conduct policy that provides guidance in international business activities and the ethical and governance expectations of employees, directors and intermediaries. Training is conducted annually including review of intermediaries.

Alumina Limited's governance management is also guided by the scope, roles and responsibilities of the Board and its Committees, as defined in their respective Charters (for more information, refer to page 4 of this statement).

## GOVERNANCE OVERSIGHT

Board responsibilities and delegation of authority

The principal role of Alumina Limited's Board of Directors is protecting and furthering the interests of shareholders by overseeing the strategic direction of the Company. The Board is guided by its Charter that establishes the role and specific responsibilities and authority of the Board of Directors.

The primary responsibilities of the Board are to:

- appoint the CEO
- monitor the performance of the CEO and senior executives
- formulate Alumina Limited's strategic direction and monitor its execution
- monitor and optimise business performance
- approve Alumina Limited's external financial reporting.

Matters specifically reserved for the Board and its Committees are:

- appointment of the Chairman of the Board and the CEO
- approval of dividends
- appointment of directors to fill a vacancy or an additional director
- call meetings of shareholders
- issue of securities of the Company.

The scope of authority delegated to the senior management team (CEO level and immediate management (senior executives) level below the CEO) for managing the day-to-day affairs of the Company is defined within the Board Charter and Company Policies. The Charter expressly states matters that cannot be delegated by the Board or its Committees. The level and scope of management's delegated authority is further described in the Company's Group Authorities Schedule. The Group Authorities Schedule is reviewed on an annual basis to ensure that delegations are appropriate and that control systems are effective.

In 2015 our Senior Management team consisted of Peter Wasow, CEO; and senior executives Chris Thiris, Chief Financial Officer (CFO); Stephen Foster, General Counsel/Company Secretary and Andrew Wood, Group Executive Strategy & Development. Senior Executives are defined as those people within the Company who participate in developing strategy and make decisions that put into effect the approved strategies that influence the whole or a substantial part of the business. Management meetings are typically conducted on a weekly basis to communicate and assess progress against key objectives and co-ordinate effort to create business synergies.

Alumina Limited's Board Charter and other Company Policies are included in full in the Governance section of our website at [www.aluminalimited.com/governance](http://www.aluminalimited.com/governance).

## BOARD AND COMMITTEE MEMBERSHIP

In 2015, the Board of Alumina Limited consisted of five Non-Executive Directors and an Executive Director – the CEO, Mr Peter Wasow. Board members at the date of this statement and their participation on Board Committees are:

Director	Board Status	Date of Appointment	Audit and Risk Management Committee	Nomination Committee	Compensation Committee
Mr John Pizzey	Chairman, Independent Non-Executive Director	8 June 2007 <sup>1</sup>	Member	Member	Member
Ms Emma Stein	Independent Non-Executive Director	3 February 2011	Member	Member	Member and Chair
Mr Peter Wasow	Executive Director (CEO)	26 August 2011 <sup>3</sup>	Not applicable	Not applicable	Not applicable
Mr Chen Zeng	Non-Executive Director	15 March 2013	Member <sup>3</sup>	Member	Member
Mr Peter Day	Independent Non-Executive Director	1 January 2014	Member and Chair	Member	Member
Mr Michael Ferraro	Independent Non-Executive Director	5 February 2014	Member	Member and Chair	Member

### Notes:

1 Mr Pizzey was initially appointed as an Independent Non-Executive Director on 8 June 2007. He became Chairman on 30 November 2011.

2 Mr Wasow was initially appointed as an Independent Non-Executive Director on 26 August 2011. He became CEO (and hence an Executive Director) on 1 January 2014.

3 Mr Zeng was appointed a member of the Audit and Risk Management Committee on 7 August 2015.

A brief biography of each Alumina Limited Director, summarising their skills, experience and expertise relevant to their role as Director and the period for which they have held office, is included in the Annual Report 2015 (see pages 13 to 14 of that report). This disclosure includes the qualifications of the Audit and Risk Management Committee members. Also disclosed on page 6 of this statement and set out in the Directors' Report on page 15 of the Annual Report 2015 is the attendance of Directors at Board and Board Committee meetings during 2015.

## BOARD COMMITTEES

The Board of Alumina Limited has delegated certain responsibilities to three principal Board Committees; the Audit and Risk Management Committee (previously called the Audit Committee), the Nomination Committee and the Compensation Committee. Each Committee has its own governing Charter and the Committees comprise only Non-Executive Directors. Committee membership and the record of attendance during 2015 are detailed in the table above and on page 6 of this statement and are also set out in the Directors' Report on page 15 of the Annual Report 2015. During 2015, and in accordance with Company Policy, the Chairman of the Board, Mr Pizzey, did not chair any of the Board Committees.

The Committee Charters describing the scope and responsibility of each Committee are available for review on our website at [www.aluminalimited.com/committee-charters](http://www.aluminalimited.com/committee-charters).

## AUDIT AND RISK MANAGEMENT COMMITTEE ROLE

The role of the Board's Audit and Risk Management Committee is to provide assistance to the Board in:

- overseeing and reviewing the Company's risk management framework and the effectiveness of its risk management, by:
  - » assessing the Company's exposure to business risks including the strategies in place for managing key risks, and for determining whether there is appropriate coverage in the internal audit plans
  - » reviewing and ratifying management's actions in the identification, evaluation, management, monitoring and reporting of material operational, financial, compliance, structural and strategic risks, including reviewing the risk framework systems and procedures for risk identification rating and management at least annually to satisfy itself that it continues to be sound.
- fulfilling the Board's responsibilities for Alumina Limited's financial statements and external reporting, by assessing the processes relating to:

- » reporting of financial information to users of financial reports
- » adoption and application of accounting policies
- » financial management
- » internal financial control systems, including internal audit
- » independent auditor qualifications, independence and performance.

The Audit and Risk Management Committee also reviews other issues as requested by the Board or the CEO.

In 2015 the Audit and Risk Management Committee was chaired by Mr Peter Day (whom the Board regards as a financial expert).

#### Activities Undertaken in 2015

The Audit and Risk Management Committee met on seven occasions in 2015 and reviewed:

- the Company's financial statements
- changes to accounting policy and accounting and tax treatment
- external and internal auditor audit plans and the auditors' performance against those plans
- disclosure controls and procedures
- the Company's International Business Conduct Policy
- non-audit services
- the auditors' reports
- risk management framework and compliance
- internal control policies.

The Chairman of the Audit and Risk Management Committee consults from time to time with the Company's external and internal auditors without the presence of Alumina Limited's management.

#### COMPENSATION COMMITTEE ROLE

The Compensation Committee is responsible for making recommendations to the Board in relation to the Company's remuneration strategy, policies and practices. It is accountable for ensuring that, in setting remuneration rewards, employee and shareholder interests are aligned and that remuneration structure and rewards are competitive and will attract and retain motivated and talented employees.

The Compensation Committee's brief includes overseeing the Company's short-term and long-term incentive plans, remuneration for Non-Executive Directors, review the succession plans for the CEO and his direct reports and transparent disclosure of the Company's remuneration practices.

#### Activities Undertaken in 2015

The Compensation Committee met four times during 2015 to consider:

- Non-Executive Director remuneration
- executive and staff remuneration review and personal performance assessment
- review of executive remuneration structure and strategy
- review of the Company's Remuneration Report
- performance reviews for short-term and long-term incentive plans
- review of remuneration consultants
- approval of Alumina Limited corporate objectives against which the CEO's compensation is to be measured
- review of services provided by remuneration consultants
- succession planning
- annual diversity review of remuneration by gender information.

#### NOMINATION COMMITTEE ROLE

The Nomination Committee assists and provides recommendations to the Board on succession planning for Directors. In preparing recommendations to the Board, the Committee considers the following matters:

- identifying the necessary and desirable competencies of Board members
- regularly assessing competencies necessary to be represented by Board members
- selection and appointment process for Directors
- regularly reviewing the size and composition of the Board, including succession plans
- determining which Non-Executive Directors are to retire in accordance with the provisions of Alumina Limited's Constitution.

A function of the Nomination Committee is to ensure that the Board has the right balance of skills and experience to discharge its responsibilities. The Nomination Committee will consider individuals for Board membership who have demonstrated high levels of integrity, the ability to create value for shareholders and motivation for the task and who can apply such skills and experience to the benefit of the Company.

#### Activities Undertaken in 2015

The Nomination Committee met five times during 2015.

Activities undertaken included:

- succession planning
- review of the Company's Diversity Policy and objectives
- annual diversity review of, and reporting on, the relative proportion of women and men in the workforce
- performance evaluation including director assessment for endorsement for re-election
- review of Ms Stein's performance and endorsement for re-election to the Board
- director professional development
- consideration of the Non-Executive Director fee cap.

## BOARD MEETINGS

The Board scheduled 10 formal meetings in 2015. One ad hoc meeting was conducted to consider a special item of business.

Scheduled Board meetings typically involve:

- approving previous minutes and considering outstanding items arising from minutes
- a review of the CEO's Business Performance Report
- reports on finance and treasury matters
- reports on capital works projects and special projects
- review of industry and global market trends and analysis
- strategy updates
- deliberation on internal policy and procedure matters
- review of risk management framework
- reports from Committee Chairs
- consideration of business and governance matters.

Board meetings are generally attended by the senior management team of the CFO, General Counsel/Company Secretary and Group Executive Strategy & Development (as well as by the CEO as a Director). Other senior managers and expert consultants participate in meetings as required.

Non-Executive Directors conduct meetings from time to time without the presence of executives. The Chairman of the Board presides over these meetings. To enable interested parties to make any concern known to Non-Executive Directors, the General Counsel/Company Secretary, Mr Foster, acts as an agent for the Non-Executive Directors. Procedures for handling all direct communications for Non-Executive Directors are detailed on the Company's website.

## ALUMINA LIMITED DIRECTORS' ATTENDANCE AT MEETINGS

January to December 2015

Directors	BOARD MEETINGS		AUDIT AND RISK MANAGEMENT COMMITTEE MEETINGS		COMPENSATION COMMITTEE MEETINGS		NOMINATION COMMITTEE MEETINGS	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
G J Pizey	11	11	7	7	4	4	5	5
E R Stein	11	11	7	6 <sup>1</sup>	4	4	5	4 <sup>1</sup>
C Zeng	11	11	3	3	4	2	5	4
P Day	11	11	7	7	4	3	5	5
M Ferraro	11	11	7	7	4	4	5	5
P Wasow	11	11	0	0	0	0	0	0

Note:

<sup>1</sup> Ms Stein was granted leave of absence for one Audit and Risk Management Committee meeting and one Nomination Committee meeting.

## BOARD AND COMMITTEES PERFORMANCE MEASUREMENT

In March 2015, following a formal review process, an independent consultant reported to the Company on the performance of the Board and each of its Committees. Mr John Pizey, Chairman of the Board, discussed with Directors the performance of the Board and its Committees in regards to relevant business, management and governance matters. Initiatives to improve performance were discussed and approved.

The Directors and Committee members concluded from the findings of the consultant's report that the Board and its Committees conducted their duties in accordance with their relevant Charters and key performance criteria.

In late 2015, directors again considered the self-assessment process that links outcomes to key performance criteria contained in the relevant Board and Committee Charters. This process involves each director completing a questionnaire on Board and Committee performance and the Chairman addresses the results with the Board. The directors will undertake a self-assessment in 2016 and such assessments will be conducted in future on an annual basis unless an external consultant review is conducted. The self-assessment process is used to evaluate the performance of the Board, its committees and individual directors.

## BOARD ELECTION

A Director seeking re-election at an Annual General Meeting (AGM) is subject to a peer review to determine if their performance meets the performance criteria prior to receiving endorsement for re-election.

Alumina Limited's Constitution requires Directors (excluding the CEO) to retire at the third AGM since they were last elected or re-elected. A retiring Director seeking re-election is subject to an appraisal and recommendation by the Nomination Committee whether to support the Director's re-election. The Board reviews the Nomination Committee recommendation to determine whether to recommend that shareholders vote in favour of the re-election. Mr Zeng, appointed in 2013, is due for re-election by rotation and will stand for re-election at the 2016 AGM in accordance with the Company's Constitution. Details of Mr Zeng's experience, qualifications and performance will be disclosed, together with the Directors' statement of support, in the 2016 AGM Notice.

## BOARD SUCCESSION PLANNING AND DIRECTOR APPOINTMENT

The Nomination Committee regularly reviews the size and composition of the Board and whether its members possess the necessary competencies and expertise for the role. The Nomination Committee is also responsible for the Board's succession planning and, as necessary, nomination of candidates to fill any vacancy on the Board. There were no new appointments to the Board of Alumina Limited in 2015.

The Board engages the services of a professional recruitment firm to assist in searches for Non-Executive Directors. Additionally, any search for a new Director is conducted in accordance with the Company's Diversity Policy (and as a consequence seeks to include suitably qualified external female candidates) and the professional recruitment firm is also briefed on the skill set and experience that is desired. Appropriate enquiries are also made of a candidate's character, experience, education, criminal record and bankruptcy history. Upon appointment, a Non-Executive Director receives an agreement that details the Director's terms of appointment, remuneration, insurance and indemnity arrangements and expectations of involvement in Committees and time commitments.

Every new director is provided with an induction folder that includes the Company's values and Code of Conduct, Board and Committee Charters, Company policies, summary of director obligations and related matters and are briefed on management, business and industry matters.

The procedure for selection and appointment is detailed in the Nomination Committee Charter, available in the Governance section of the Company's website at [www.aluminalimited.com/nomination-committee/](http://www.aluminalimited.com/nomination-committee/)

## DIRECTOR SKILLS AND EXPERIENCE

In order to effectively discharge its duties, it is necessary that collectively the Directors hold the appropriate balance of skills and experience. The Board seeks a complementary diversity of skills and experience across its members, recognising the complex and varied issues facing a minority partner and its interest in a large scale, global and capital intensive business. The Nomination Committee utilises a Skills Matrix to determine whether the appropriate mix of skills and experience exists among the Board and Committee members and to identify key attributes required for future candidates.

The Board's current Skills Matrix includes the following attributes:

- established management and leadership skills
- international experience
- industry knowledge and experience
- high level of governance experience
- proven record of developing and implementing successful strategy
- financial expertise
- capital projects experience
- joint venture experience
- relevant technical skills including legal skills.

## DIRECTOR INDEPENDENCE

Director independence from day-to-day management is viewed as essential to ensure objective governance. Alumina Limited considers that Directors are independent if they are:

- autonomous of management; and
- free of any interest, position, association or relationship (including material business relationship) that might influence or interfere with, or reasonably be perceived to influence or interfere with, in a material respect, their capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Alumina Limited Group and its security holders generally.

Alumina Limited's guidelines for Director independence are formalised in a policy that, among other things, requires the Board to assess Director independence on an annual basis and otherwise as it feels is warranted.

In assessing the independence of Directors, the following matters are considered:

- any existing relationships with the Alumina Limited Group – either direct or indirect – including professional affiliations and contractual arrangements
- any past relationships with the Alumina Limited Group, either direct or indirect
- materiality thresholds
- the definitions of independence embodied in Australian and US corporate governance standards.

In forming a decision on Director independence, the materiality thresholds used by Alumina Limited include:

- the value of a contractual relationship is the greater of \$250,000 or two per cent of the other company's consolidated gross revenues
- in relation to a principal of, or employee of, a present or former material professional adviser or consultant of the Company within the previous three years, the greater of \$250,000 or two per cent of the professional adviser's or consultant's gross revenues
- for an employee or any family member currently employed as an executive officer by another company that makes payments to or receives payments from the Alumina Limited Group for property or services in an amount that exceeds, in any single fiscal year, the greater of \$250,000 or two per cent of the other company's consolidated gross revenues.

The Board has concluded that four of the five Non-Executive Directors who held office during 2015 are independent.

In reaching this conclusion the Board has considered the following relationships and associations:

- Mr Pizzey was, until December 2003, Group President of the AWAC joint venture. Mr Pizzey's previous employment with Alcoa Inc and AWAC does not materially impede his objectivity, exercise of independent judgement, or ability to act in the best interests of the Company. Mr Pizzey's employment with Alcoa Inc ceased in December 2003, over ten years ago.
- Ms Stein is a Director of Diversified Utilities Energy Trust (DUET), a majority owner of the Dampier to Bunbury Natural Gas Pipeline (DBNGP) in which Alcoa of Australia Limited has a 20 per cent interest and is a user. Alumina Limited has a 40 per cent interest in Alcoa of Australia Limited. Ms Stein declared her interest and has not participated in any decision-making matter that relates to Alcoa of Australia Limited's dealings with



the DBNGP. The Board concluded that Ms Stein's directorship of DUET does not prejudice her independence.

- Mr Day had no previous association with the Company or any other relationships that were relevant to his independence.
- Mr Ferraro had no previous association with the Company or any other relationships that were relevant to his independence.
- Mr Zeng is not considered independent due to current and previous roles with (or with entities associated with) a substantial shareholder in the Company.
- Mr Wasow was not considered independent due to his executive responsibilities.

For further information on materiality thresholds and Director independence, please refer to the Company's Policy on Director Independence, available on the Company's website at [www.aluminalimited.com/director-independence](http://www.aluminalimited.com/director-independence).

## DIVERSITY

Alumina Limited is committed to fostering a workplace that has an emphasis on diversity. In the relatively small office environment that exists at Alumina Limited of 11 fulltime employees and a Board consisting of six Directors, the value of diversity in thought, experience and skills is magnified.

A Diversity Policy has been established that presents key undertakings and standards that promote, among other things, impartiality in recruiting from a wide talent base, provide

opportunities for employees to develop skills and broaden their perspectives and that reflect the Company's corporate values of tolerance and fairness. The Diversity Policy includes the responsibility of the Board to develop and monitor and report on the effectiveness of measurable objectives and the Diversity Policy in general. Diversity encompasses but is not limited to gender, age, culture (ethnicity), language, religious beliefs and disabilities.

Our Diversity Policy applies to all Alumina Limited employees, including contractors and consultants acting on the Company's behalf, and includes the recruitment and selection process, terms and conditions of employment including pay, promotion, work assignment, and training as well as any other aspect of employment. The Company also recognises that work-life balance and priorities are important and vary according to individual circumstances. The Company's approach to diversity is designed to ensure that the Company offers an attractive and challenging work environment for securing and retaining talented and professional employees. Any appointment process is conducted in reference to the Diversity Policy and the Company's diversity objectives. Details of the policy are set out under the policies section of the Company's website at [www.aluminalimited.com/diversity-policy](http://www.aluminalimited.com/diversity-policy).

The Diversity Policy includes a commitment by the Board of Directors to establishing measurable objectives for gender diversity. Alumina Limited's diversity objectives since their introduction are:

OBJECTIVES	RESULT
To include in the Nomination Committee Charter responsibility for diversity, including an annual review and report on the relative proportion of women and men in the workforce at all levels of the Company	Completed
To engage consultants who support and promote the Company's diversity policy, including assisting to identify additional suitably qualified external female candidates	Achieved throughout 2015
To ensure that candidate lists for permanent employee positions are recognisably diverse by age, sex or ethnicity	Not applicable in 2015 due to no new positions being offered or filled
To ensure that in the interview process for each executive position there is at least one appropriately qualified female candidate and at least one female on the interview panel	Not applicable in 2015 due to no new positions being offered or filled
To consider diversity when reviewing board succession plans with the aim to improve gender representation and diversity	Achieved throughout 2015
That the Company has at least one female Non-Executive Director	Achieved throughout 2015
Develop flexible and part-time work arrangements where employees can balance work/life commitments and pursue career development	Policy adopted in 2013

### Gender Balance

During 2015, the Board consisted of six Directors, five Non-Executive Directors of which one was female (representing 20 per cent of the Non-Executive Directors and approximately 17 per cent of total Directors). As at 31 December 2015, 27 per cent of Alumina Limited's employees were women. No women were represented on the four-person senior management team (CEO level and immediate management level below the CEO).

### DIRECTORS' AND EXECUTIVES' REMUNERATION

Details of the remuneration policies and practices of Alumina Limited for 2015 in respect of Non-Executive Directors on the one hand and executive Directors and senior executives on the other are set out in the Remuneration Report on pages 34 to 62 of the Annual Report 2015. Shareholders will have the opportunity to vote on a non-binding resolution to adopt the Remuneration Report at the 2016 AGM.

### SHARE TRADING AND HEDGING PROHIBITIONS

Performance Rights granted under Alumina Limited's LTI arrangements (details of which are set out in the Remuneration Report on pages 57 and 58 of the Annual Report 2015) must remain at risk until fully vested. This is consistent with Alumina Limited's Share Trading Policy that prohibits Directors and employees from engaging in:

- short-term trading of any Alumina Limited securities;
- buying or selling Alumina Limited securities if they possess unpublished, price-sensitive information; or
- trading in derivative products over the Company's securities, or entering into transactions in products that limit the economic risk of their security holdings in the Company.

### DIRECTORS' SHARE OWNERSHIP

Alumina Limited requires Independent Directors (as defined in the Company's Policy on Director Independence) to hold shares in the Company having a value equal to 50 per cent of their base annual fees by the expiry of five years from the date of their appointment.

Provided the minimum shareholding requirement is satisfied when shares are acquired or by the expiry of the five year term, should a decline in the Company's share price mean the value of the shareholding does not equal 50 per cent of the amount of base annual fees, Directors are not required to acquire shares to increase their level of shareholding to equal the amount of 50 per cent of the base annual fees.

Details of the Independent Director share acquisition policy and number of shares held by each Non-Executive Director as at 31 December 2015 are disclosed in the Remuneration Report on page 62 of the Annual Report 2015.

### CHIEF EXECUTIVE OFFICER

The CEO is responsible for the day-to-day management of the Company and operates under delegated authority from the Board. The CEO's responsibilities include:

- recommending strategic initiatives to the Board and, where approved, ensuring their implementation
- managing the day-to-day operation of the Company according to the Values and Code of Conduct
- preparing and presenting the Company's business plans
- appointing and reviewing the performance of senior management.

### DIRECTOR EDUCATION

It is essential for the Directors of Alumina Limited to be updated on business and industry trends and key dynamics. The Directors are provided with industry briefings including addresses by independent industry specialists to ensure that Directors receive relevant information on the aluminium and alumina industry fundamentals that impact the performance of AWAC and Alumina Limited. Visits to operating sites for business reviews and presentations to the Board from AWAC executives also provide key insight into the AWAC assets and operations.

Directors also receive routine updates on corporate governance and regulatory changes as they apply to corporate governance, accounting standards and relevant industry matters.

New Non-Executive Directors undertake an induction program and receive on their appointment an Induction Pack that provides them with copies of the Company's key policies, Values and Code of Conduct and information pertaining to the risk management and governance frameworks.

### PERFORMANCE EVALUATION OF CHAIRMAN, NON-EXECUTIVE DIRECTORS AND CHIEF EXECUTIVE OFFICER

An annual assessment of the performance of the Chairman of the Board is conducted by the Chairman of the Nomination Committee in consultation with the other Non-Executive Directors. Each director is required to individually provide feedback on the performance of the Chairman of the Board against the Chairman's approved role specifications. A report is presented to the Directors. In 2015 the performance evaluation of the Chairman of the Board was conducted in accordance with the disclosed process.

The Chairman of the Board reviews each Director's individual performance annually. The CEO's performance is reviewed on a semi-annual basis. The review involves assessing progress against agreed objectives that were developed for the year. The objectives include corporate and personal objectives that are measurable. Performance assessment is stated in greater detail in the Remuneration Report. The CEO performance reviews were conducted in 2015 in accordance with the disclosed process.

## PERFORMANCE EVALUATION OF SENIOR EXECUTIVES

Semi-annual reviews of the performance of each Senior Executive against individual tasks and objectives are undertaken by the CEO. These personal objectives, which were agreed to at the beginning of the performance period, relate to key areas of performance over which the individual has accountability and influence. The performance reviews of the Senior Executives were conducted in 2015 in accordance with the disclosed process.

The Compensation Committee also obtains independent remuneration information for comparative purposes. Salary reviews and short-term incentives are determined by assessing performance against both individual performance and Company performance targets. Long-term incentives are assessed against the Company's total shareholder return compared with that of the Australian and international industry peer group. In 2015 the Committee conducted those reviews in accordance with the disclosed process. The assessment of Senior Executive performance in 2015 is detailed in the Remuneration Report (on page 52 to 54 of the Annual Report 2015).

## DIRECTORS' ACCESS TO INDEPENDENT ADVICE

To assist Directors in fulfilling their duties and responsibilities, the Board, its Committees and individual Directors equally are entitled to seek independent expert advice on any matter as considered necessary, with the consent of the Chairman of the Board. The Chairman requires the Board's approval to seek independent advice. Independent advice might be sought in relation to technical or specialised matters and the Company will meet any expense incurred.

## ROLE OF THE COMPANY SECRETARY

The appointment of the Company Secretary/General Counsel is ratified by the Board. As defined in the Board Charter, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

Mr Stephen Foster is the Company Secretary/General Counsel. A profile of his qualifications and experience is set out on page xx. The role of Company Secretary/General Counsel in Alumina Limited includes:

- providing legal advice to the Board and management as required
- advising the Board on corporate governance principles
- generally attending all Board meetings and preparing the minutes
  - » monitoring that the Board and Committee policies and procedures are followed
  - » facilitating the induction of Directors
- managing compliance with regulatory requirements.

## CORPORATE REPORTING AND RISK MANAGEMENT

The CEO and the CFO have made the following written certifications to the Board for the 2015 full year financial statements:

1. In their opinion:
  - Alumina Limited's financial records for the financial year have been properly maintained in accordance with the Corporations Act 2001
  - the financial statements and the notes for the financial year comply with the accounting standards
  - the financial statements and the notes give a true and fair view, of the financial position and performance of the Company in accordance with section 297 of the Corporations Act 2001
  - the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.
2. The above certification has been formed on the basis of a sound system of risk management and internal control and that system is operating effectively in all material respects in relation to financial reporting risks.

In addition, the CEO and the CFO provided the Board declarations in relation to the Company's half-year financial statements and other matters required by Recommendation 4.2 of the ASX Governance Principles.

## SHARE TRADING POLICY

Alumina Limited has a policy on the trading of Alumina Limited securities by our Directors and employees. The Policy was revised in 2014. Annually employees are required to attend a Share Trading Policy training session to explain and reinforce the application of the Policy. The Board believes it is in all shareholders' interests for Directors and employees to own shares in the Company and so encourages shareholding subject to prudent controls and guidelines on share trading. The policy prohibits Directors and employees from engaging in short-term trading of any Alumina Limited securities or buying or selling Alumina Limited shares if they possess unpublished, price-sensitive information. Trading in derivative products over the Company's securities, and or entering into transactions in products that limit the economic risk of their security holdings in the Company, are also prohibited.

In addition, Directors and senior management must not buy or sell Alumina Limited shares in the period between the end of the half or full financial year and the release of the results for the relevant period. Directors and senior management must also receive approval from the Chairman or CEO before buying or selling Company securities. A copy of Alumina Limited's Share Trading Policy can be found on our website at [www.aluminalimited.com/share-trading-policy/](http://www.aluminalimited.com/share-trading-policy/)

## CONTINUOUS DISCLOSURE

Alumina Limited has a Continuous Disclosure Policy that defines the legal and regulatory obligations, materiality guidelines and reporting process, and is designed to ensure compliance with the continuous and periodic disclosure obligations under the Corporations Act 2001 and ASX Listing Rules and to ensure accountability at a senior executive level for that compliance. Responsibility for meeting ASX disclosure requirements rests primarily with the Company Secretary. Training is conducted annually with all staff to ensure they understand the Company's obligations, and their role in fulfilling them, under the continuous disclosure provisions. A review of continuous disclosure matters, if any, is conducted at each Board meeting.

Copies of Alumina Limited's releases to the ASX, investor presentations and Annual Reports are available on the Company's website at [www.aluminalimited.com/announcements](http://www.aluminalimited.com/announcements). Alumina Limited's Continuous Disclosure Policy is available on the Company's website at [www.aluminalimited.com/continuous-disclosure-policy](http://www.aluminalimited.com/continuous-disclosure-policy).

## CONFLICTS OF INTEREST

Each Director has an ongoing responsibility to determine if they have a conflict of interest, whether direct, indirect, real or potential, that may impede their impartial decision-making. Directors are required to disclose to the Board details of any transactions or interests that may create a conflict of interest. Alumina Limited's Constitution expressly forbids a Director voting on a matter in which they have a direct or indirect material personal interest as defined in section 195 of the Corporations Act 2001 to the extent that it is prohibited by the Corporations Act 2001 or ASX Listing Rules.

## AUDIT GOVERNANCE

### External Audit

PricewaterhouseCoopers is Alumina Limited's external audit services provider and reports through the Audit and Risk Management Committee to the Board. The Audit and Risk Management Committee has the primary responsibility for managing the relationship with the external auditor including their appointment, compensation and agreeing on the scope and monitoring the performance and effectiveness of the annual internal and external audit plans and approval of non-audit related work. The Committee also reviews, at least annually, the assessment of the Company's exposure to business risks and the strategies in place for managing key risks, and determines whether there is appropriate coverage in the internal audit plans.

All reports issued by the auditor to the Audit and Risk Management Committee are prepared in accordance with Australian Accounting Standards. In accordance with the applicable provisions of the Corporations Act 2001, the external auditor provides an annual declaration of its independence to the Audit and Risk Management Committee. Alumina Limited's External Auditor Selection and Rotation Policy requires that the lead Partner involved in the external audit of the Company should not remain beyond five years.

Further information on the relationship with the external auditor is covered in the Audit and Risk Management Committee Charter, which is available on the Company's website at [www.aluminalimited.com/audit-committee-charter](http://www.aluminalimited.com/audit-committee-charter).

### Non-Audit Services

Alumina Limited and PricewaterhouseCoopers have adopted the following policy in relation to any work undertaken by PricewaterhouseCoopers that does not directly relate to the audit of the Company:

- PricewaterhouseCoopers services that have fees of up to \$100,000 require the prior approval of the Audit and Risk Management Committee Chairman. Such approval shall include the scope of the services and the approximate amount of fees, and shall be reported at the next Audit and Risk Management Committee meeting.
- For PricewaterhouseCoopers' services of more than \$100,000 and less than \$250,000, the provision of such services requires the prior approval of the Audit and Risk Management Committee.
- For services of more than \$250,000, unless PricewaterhouseCoopers' skills and experience are integral to the services (in which case the provision of such services requires the prior approval of the Audit and Risk Management Committee), the proposed services are to be put to competitive tender with the requirement for CFO, CEO and Audit and Risk Management Committee Chairman's approval of the inclusion of PricewaterhouseCoopers in the tender list. The awarding of a contract, following a competitive tender, to PricewaterhouseCoopers for the provision of these services also requires the prior approval of the Audit and Risk Management Committee.

Details of non-audit services in 2015 are described in the Financial Report (Note 13, Notes to the Consolidated Financial Statement) on page 89 of the Annual Report 2015.

## ATTENDANCE AT THE ANNUAL GENERAL MEETING

The Partner representing the external auditor attends Alumina Limited's AGM and is available at the meeting to respond to shareholder questions relating to content and conduct of the audit and accounting policies adopted by the Company regarding preparation of the financial statements. Alumina Limited will accept written questions for the auditor up to five days before the AGM.

## INTERNAL AUDIT

Alumina Limited's internal audit function is conducted by independent accounting firm Deloitte Touche Tohmatsu. It is the internal auditor's role to act independent of management and external audit to evaluate whether the Company's processes and controls provide an effective risk management and control framework, and to report their findings to the Audit and Risk Management Committee. The internal auditor has open access to the Chairman of the Audit and Risk Management Committee. The Audit and Risk Management Committee approves the annual internal audit plan and reviews reports on internal audit findings at least annually.

## MANAGING BUSINESS RISK

Alumina Limited's Risk Management Policy sets out the policies and procedures for covering risks such as those relating to markets, credit, price, operating, safety, health, environment, financial reporting and internal control. The Board has adopted the Risk Management Policy. Alumina Limited is exposed to risks, both indirectly, through its investment in AWAC, and directly as a separately listed public company.

Alcoa, as the manager of AWAC, has direct responsibility for managing the risks associated with the AWAC business. Alcoa utilises its policies and management systems to identify, manage and mitigate those risks. Alumina Limited reviews the management and mitigation of AWAC risks through participation on the AWAC Strategic Council and the Boards of the key operating entities within AWAC.

Alumina Limited uses internal controls as well as risk management policies that are appropriate to our risks as an independent corporate entity. We have developed a Risk Management Framework that profiles a range of material business risks, both financial and non-financial in nature, which are potentially significant for the current operation and profitability and/or long-term value of the Company. Each material business risk identified has an explicit risk strategy and system of internal controls.

Alumina Limited's most significant commercial risk exposures are to alumina and aluminium prices, foreign exchange movement, energy security risk, joint venture structure risks, and regulatory risks and capital project risk.

Details of Alumina Limited's material economic, environmental and social sustainability risks, as well as details of how those risks are managed, are referred to in the Risks section of the Operating and Financial Review of the Directors Report (in the Annual Report).

Management has provided a report to the Audit and Risk Management Committee on the effectiveness of Alumina Limited's management of material business risks. Included is an assurance from the CEO and CFO that the declaration provided in accordance with section 295A of the Corporations Act 2001 (refer to Corporate Reporting and Risk Management on page 10) 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 Committee reviews the Risk Framework at least annually. The Committee, in its 2015 review of the Risk Management Framework, was satisfied in regards to its soundness.

Also, Alumina Limited produces an annual sustainability update, informed by the Global Reporting Initiative Sustainability Guidelines (GRI4) that identifies material aspects of the AWAC business including environmental and social aspects. The Board is informed annually on sustainability matters by management who attend meetings of AWAC's governing body, the Strategic Council, at which sustainability matters are reported. In terms of sustainability governance for AWAC, Alumina Limited's principal interest is the integration of sound environmental, social and governance practices alongside sustainable financial performance.

This is achieved through:

- discussing AWAC's long term strategies and objectives with managing partner Alcoa
- supporting the policies and practices that are implemented in AWAC companies to ensure sustainable operations
- reviewing reports of non-compliances including for environmental and labour matters.

Alumina Limited assesses potential sustainability risks and opportunities for shareholders. We do this through our Risk Management Framework's processes that are reviewed and updated through the Audit Committee.

Alumina Limited's Risk Management Policy and controls are covered in more detail in the Governance section of our website at [www.aluminalimited.com/risk-management](http://www.aluminalimited.com/risk-management).

## EXCHANGE RATE AND ALUMINA PRICE RISK

AWAC's operations are well placed on the global cost curve. Its revenues are underpinned by sales contracts with high-quality industry participants – mainly customers with whom it has longstanding commercial arrangements.

Given this underlying business position, shareholders' interests are best served by Alumina Limited and AWAC remaining exposed to alumina price and exchange rate risk, and generally not seeking to manage that risk through the use of derivative instruments. However, business circumstances sometimes dictate that it is prudent for the AWAC joint venture and Alumina Limited to manage such risks through derivative instruments.

## BUSINESS CONDUCT POLICY

Alumina Limited's Anti-Corruption and Money Laundering Policy prohibits bribery and corruption in all business dealings. The Company's International Business Conduct Policy provides principles and procedures on conducting business internationally and complying with the requirements of various laws, including prohibition of bribery and related conduct. All employees receive annual training on the International Business Conduct Policy. Additionally, as part of the compliance regime, each year employees, Directors and intermediaries are provided with a copy of the International Business Conduct Policy and are required to review the Policy and sign a certificate acknowledging that they understand the Policy and have not taken or do not know of any action taken to violate the Policy.

## WHISTLEBLOWING

Alumina Limited has a Whistleblower Policy that encourages and offers protection for staff to report, in good faith, any behaviour, practice, or activity that they have reasonable grounds to believe involves:

- unethical or improper conduct
- financial malpractice, impropriety or fraud
- contravention or suspected contravention of legal or regulatory provisions
- auditing non-disclosure or manipulation of the internal or external audit process.

An independent Whistleblower hotline is available to employees who wish to make an anonymous or confidential complaint, or a formal complaint process can be initiated to designated officers within the Company. A copy of the Whistleblower Policy can be found on the Company's website at [www.aluminalimited.com/whistleblower-policy-serious-complaints](http://www.aluminalimited.com/whistleblower-policy-serious-complaints).

## DONATIONS

Alumina Limited does not make donations to political parties.

## SENIOR MANAGEMENT

Alumina Limited is managed by an experienced management team focusing on maximising returns, growing the Company, and ensuring shareholders benefit fully from Alumina Limited's interest in the AWAC joint venture. Our executive management team comprises:

### PETER WASOW

BCom, GradDipMgmt, FCPA  
Chief Executive Officer

Peter Wasow was appointed CEO effective from 1 January 2014. Mr Wasow has responsibility for the overall management of Alumina Limited in accordance with the strategy, policies and business processes adopted by the Board. Prior to his appointment as CEO, Mr Wasow was an independent Non-Executive Director of the Company from 26 August 2011. Mr Wasow has extensive finance and commercial knowledge and experience gained during eight years at major Australian oil and gas producer Santos Limited from 2002 to 2010 where he was initially appointed as CFO and later added the responsibilities of Executive Vice President. Previous to that role, he had over a 23 year career at BHP including Vice President of Finance.

### CHRIS THIRIS

BA (Acc) MBA, CA, CFTP (Snr)  
Chief Financial Officer

Chris Thiris joined Alumina Limited in September 2011 as Interim CFO and became CFO in December 2011. He is responsible for accounting, treasury, investor relations and taxation. Mr Thiris has extensive experience in finance and other management functions gained through senior roles he has held at Orchard Funds Limited and Coles Group Limited.

### STEPHEN FOSTER

BCom LLB (Hons) GDipAppFin (Sec Inst) GradDip CSP,  
ACIS General Counsel and Company Secretary

Stephen Foster is responsible for legal, company secretarial, shareholder services, insurance and human resources. He has a wide range of legal and commercial experience gained over 30 years, at Village Roadshow and WMC Limited, after working with the legal firm of Arthur Robinson & Hedderwicks (now Allens).

### ANDREW WOOD

BA LLB GDipAppCorpGov (GIA) FGIA, FCIS  
Group Executive Strategy & Development

Andrew Wood is responsible for strategy and business development, including market analysis, pursuing strategic investments and developing industry relationships. He has over 20 years' resources experience in commercial and legal roles, mainly at WMC Resources Ltd and Sibelco.

## SHAREHOLDERS

Alumina Limited has approximately 58,000 shareholders, with the 20 largest holding 83.7 per cent of the approximately 2.9 billion shares on issue. Approximately 94 per cent of all registered shareholders have registered addresses in Australia. Alumina Limited's shares are listed on the ASX.

The level of beneficial ownership of the Company's shares by US persons is approximately 11 per cent, with no single beneficial holder holding in excess of 10 per cent.

## SHAREHOLDER COMMUNICATION

Effective and timely communication with Alumina Limited shareholders and the market is a critical objective of the Company. We also recognise that communication is two-way.

Alumina Limited uses internet-based information systems to provide efficient communication with shareholders and the investment community. Examples include posting Company announcements on Alumina Limited's website (usually within one hour of lodgement with ASX) and webcasting financial presentations and briefings. Shareholders may elect to receive all Company reports and correspondence by mail or email.

The Company engages in an Investor Relations program of discussions and meetings with institutional investors, analysts and financial media. Also, presentations to industry summits are released to the ASX and are available for review on the Company website.

We are interested in shareholder questions and feedback, which can be directed to the Company through the mail or via the feedback facility available on our website. Shareholders are encouraged to ask questions of the Company at the AGM and shareholders have the opportunity to submit questions prior to the AGM.

For further information on shareholder communications, including our Continuous Disclosure Policy, refer to the Shareholder Communication Strategy located on Alumina Limited's website at [www.aluminalimited.com/shareholder-communication-strategy](http://www.aluminalimited.com/shareholder-communication-strategy).

**ALUMINA LIMITED**

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