

Corporate Governance Statement 2021

NEW HOPE CORPORATION LIMITED

ABN 38 010 653 844

Introduction

New Hope Corporation Limited (the **Company**) is pleased to present its Corporate Governance Statement (**Statement**) for the period ending 31 July 2021, which outlines the eight core corporate governance principles as specified in the Australian Securities Exchange (**ASX**) Corporate Governance Council's 4th Edition of the Corporate Governance Principles and Recommendations of the Company and its subsidiaries (the **Group**). This Statement is current as at 21 September 2021 and has been approved by the Board.

Principle 1 - Lay Solid Foundations for Management and Oversight

Board Charter

The primary objective of the Company's Board is to provide strategic guidance and oversight of management. The Board is ultimately responsible for, and has authority over, management of the Company and the Group. The Board has delegated to the Chief Executive Officer the authority over the day to day management of the Company, the Group and their respective operations.

The Board Charter is accessible via the Company's website and details the powers specifically reserved for the Board and authority that is delegated to the Chief Executive Officer.

Appointment of Directors and Senior Executives

Prior to appointment to the Company's Board, appropriate checks on experience and background are completed either in-house or via the use of external consultants. Security holders are provided details of material information regarding Directors prior to the Annual General Meeting (**AGM**) in the Annual Report and the Notice of Meeting for the AGM.

Every Director and Senior Executive at the Company has received a written agreement upon their appointment detailing the key terms of their appointment.

Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for advising the Board and its Committees on governance matters and the co-ordination of all Board business, including agendas, board papers, minutes, communication with the ASX and all statutory and other filings. All Directors have direct access to the services and advice of the Company Secretary. Details of the skills and experience of the Company Secretary are set out in the Annual Report.

Diversity

The Company's Diversity and Inclusion Policy Statement is accessible via the Company's website. The Company has elected not to set measurable objectives towards achieving gender diversity. Instead, the Company has focused on fostering a workplace where employees feel that they are a valued member of the organisation; that they are treated fairly, and that inappropriate behaviour does not take place. The Company is also committed to ensuring that employees and all other individuals involved in its operations are provided with equal opportunity in all aspects of recruitment, selection and employment. A full copy of the Company's Workplace Gender Equality Agency (**WGEA**) report for the period 1 April 2020 to 31 March 2021 can also be viewed on the Company's website.

Board, Committee and Director Evaluations

The efficiency, effectiveness and operations of the Board are continuously subjected to monitoring by the Company Secretary, the Nomination Committee and the Board itself. The performance of non-executive Directors is reviewed by the Nomination Committee members with any unsatisfactory performance referred to the remainder of the Board (this review has been undertaken for the period ended 31 July 2021).

Board members participate in a formal survey to evaluate the efficiency, effectiveness and operations of the Board and the performance of Directors, the Board and its committees when requested by the Nomination Committee.

Senior Executive Performance Evaluations

The performance of the Senior Executives for the period ended 31 July 2021 was reviewed by the Health, Safety, Environment and People Committee (HSEPC) in accordance with Key Performance Indicators for Short Term and Long Term Incentives. Detailed disclosures of this process forms part of the Remuneration Report in the Company's Annual Financial Statements.

Principle 2 - Structure the Board to be Effective and Add Value

Nomination Committee

The Nomination Committee consists of three Directors, two of whom are considered independent. The Nomination Committee Chair, Mr T. J. Barlow, is not considered an independent Director, however he brings experience and knowledge to the position and will act in the best interests of the Company. The Nomination Committee Charter is published on the Company's website.

The Nomination Committee members are: Mr T.J Barlow (Chair), Mr I.M Williams and Ms J.E McGill AO. The number of Nomination Committee meetings and attendances can be found in the Company's Annual Financial Statements.

Board Skills and Experience

The Board of Directors has approved a Board Skills Matrix which identifies the skills, experience and capabilities required by the Board. The Board Skills Matrix is used for succession planning, professional development and in assessing the Board's effectiveness. The Board Skills Matrix is reviewed annually, and a review has been undertaken by the Nomination Committee. The current structure and membership of the Board is seen as appropriate given the skill set required by the Company.

The following table provides a summary of the Board Skills Matrix covering all Directors as at the date of this Statement:

Leadership and Governance	Technical and Operations	Business, Finance and Risk
Publicly Listed Company Experience	Resources and Energy Industry Experience	Legal and Regulatory Compliance
Leadership	Human Resources	Finance, Accounting and Audit
Strategy	Government / Policy	Risk Management
Corporate Governance	Health, Safety and Environment	Capital Markets / Mergers & Acquisitions

Independent Directors

There are currently two Directors on the Company's Board that are considered independent. These are: Mr I.M. Williams and Ms J.E. McGill AO.

The Company's Board does not consist of a majority of independent Directors. All Directors, whether they are considered independent or not, are expected to bring their independent views and judgement to the Board and act in the best interests of the Company. The Board considers that due to the extensive experience and knowledge that the current Directors have of the Company's business, it would be contrary to shareholders' best interests if any the current Directors were precluded from holding the positions on the grounds of their independence.

The Chairman, Mr R.D. Millner is not considered independent. Given the experience and knowledge Mr Millner brings to the position, the Board believes it is in the best interest of the Company to maintain a non-independent Chairman.

Director Induction and Ongoing Training

Induction of new Directors is conducted upon commencement with the Company's Board. The Chief Financial Officer & Company Secretary provides regular updates and briefings to Directors on governance matters, changes in financial reporting requirements and Accounting Standards. The Nomination Committee assesses whether the Directors as a group have the skills, knowledge and experience to deal with new and emerging business and governance issues. Professional development is considered for any gaps identified. It is the responsibility of the Directors on the Company's Board to ensure their skills and knowledge remains appropriate, and that the Company supports them in maintaining those skills.

Principle 3 - Instil a Culture of Acting Lawfully, Ethically and Responsibly

Our business objectives are supported through our vision (to energise our people, communities and customers) and the following values:

INTEGRITY: We are ethical, honest and trusted to do the right thing.

RESPECT: We listen and treat others as we expect to be treated.

RESPONSIBILITY: We are empowered and accountable for our actions.

WELLBEING: We all seek to prevent harm, promote safety and enhance health.

RESILIENCE: We are adaptable and see opportunity in change.

COLLABORATION: We work together and focus on the best outcome.

All employees receive appropriate training on the values. The Senior Executives reference and reinforce these values in their interactions with staff.

The Company has an established code of conduct dealing with matters of integrity and ethical standards. All Directors, executives and employees are expected to abide by the code of conduct, and to bring to the attention of senior personnel or the Board instances contrary to the code of conduct. Appropriate and proportionate disciplinary action is taken against those who breach it. The Company is committed to the highest standards of conduct and ethical behavior in all of its business activities. The Board has approved a 'Speak Up' Policy (Whistleblower Policy) to encourage the reporting of potential misconduct. The policy applies to all current and former officers, employees, associates and suppliers (including the supplier's employees) which also includes the relatives, dependents and spouses of these people. The Audit and Risk Committee (**ARC**) and the Board is informed of any material incidents reported under the policy.

The Company has adopted an anti-bribery and corruption policy. The Company has zero tolerance for bribery and corruption and expects the same standard from its personnel, suppliers, contractors, joint venturers and other business partners.

Principle 4 - Safeguard the Integrity of Corporate Reports

The ARC consists of three Directors, two of whom are considered independent, and is chaired by an independent Director. The ARC charter is published on the Company's website. The members of the ARC are: Mr I.M. Williams (Chair), Mr T.J. Barlow and Ms J.E. McGill AO. The experience of the individual members and the number of ARC meetings, including attendance, can be found in the Company's Annual Financial Statements.

The Boards' process for approving its Financial Statements includes a requirement for the Chief Executive Officer and the Chief Financial Officer to provide a declaration to the Board that:

- The financial records of the Company have been properly maintained;
- The financial statements and notes for the financial year comply with the Accounting Standards and give a true and fair view of the financial position and performance of the Company; and
- Their opinion is formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Board is committed to providing clear, concise and effective disclosure to shareholders and other stakeholders in its corporate reports. If the Company's auditor has not been required to review a periodic corporate report, the appropriate Senior Executives conduct an internal verification exercise (with assistance from third party professional services firms where appropriate) to ensure that such reports are materially accurate, balanced and provide investors with appropriate information to make informed investment decisions. Material statements in these documents are verified by the Senior Executives and other senior personnel from the relevant business unit prior to Board approval for release to the market.

Principle 5 - Make Timely and Balanced Disclosure

The Company has a policy for ensuring continuous disclosure under the ASX Listing Rules.

The Company Secretary provides the Board with copies of all material ASX announcements promptly after they have been disclosed to and released by the ASX.

Presentation materials for any new or substantive investor or analyst presentation is released on the ASX Market Announcements Platform ahead of the presentation, including the full year and half year results presentations to analysts and the Annual General Meeting (AGM) presentation to shareholders.

Principle 6 - Respect the Rights of Security Holders

Information regarding the Company (including its Directors, Senior Executives and business operations), ASX Announcements and key areas of Corporate Governance can be accessed via the Company's website.

The Company actively engages with investors. Time is allocated for senior executives to be available to ensure communication with investors is appropriate and effective in disseminating the business goals of the Company. The Company seeks to understand any concerns investors may have and to ensure these are fed back to the appropriate area within the business.

The AGM is the key meeting with security holders each year, and time is specifically set aside to answer any questions security holders may have of the Company and the Group. An opportunity is also given to provide questions or comments ahead of the AGM. Senior Executives attend the AGM to allow one on one discussion with security holders, within the boundaries of the Company's Continuous Disclosure obligations. The External Auditor for the Company is required to attend the AGM and be available to answer questions as part of their engagement with Company.

The Board has resolved that all substantive resolutions at a meeting of security holders will be decided by a poll rather than by a show of hands.

The Company and its security registry encourage the use of electronic communications. Any shareholder enquiries can be sent to: cosec@newhopegroup.com.au or to the Company's share registry, Computershare through the Investor Centre.

Principle 7 - Recognise and Manage Risk

The ARC oversees the risk management for the Company and Group. The ARC historically has undertaken reviews of the risk management framework annually or more often as circumstances dictate. The review of the risk management framework has been completed this year.

A function of the HSEPC is to focus on the health, safety, environmental and people related risks within the business. This assists to ensure that legislative compliance and governance activities inherently address the current and emerging risks within the business.

The Company has an established Internal Audit function that reports directly to the ARC Chair. The Internal Audit function determines key areas of risk within the Company's operations and reviews controls and the effectiveness of these controls. Areas of focus are determined in conjunction with the ARC, and where relevant the HSEPC, and any findings shared with our external auditor.

The Company has exposure to a number of environmental and social risks that have been identified through the Company's risk management processes. The Company publishes an annual Sustainability Report which includes information about how the Company manages environmental and social risks.

Management of these risks is via the Company's risk management processes, which includes detailed risk treatment plans on each material risk; as well as periodic monitoring and reassessment of risk. Risk treatment plans flow into the development of the Company's strategy as well as day to day operations to ensure risks are proactively managed.

Principle 8 - Remunerate Fairly and Responsibly

The HSEPC comprises of three Directors, two of whom are considered independent, and is chaired by an independent Director. The HSEPC charter is published on the Company's website. The members of the HSEPC are: Ms J.E. McGill AO (Chair), Mr I.M. Williams and Mr T. Barlow.

The number of HSEPC meetings and attendances can be found in the Company's Annual Financial Statements.

Non-executive Directors' fees are reviewed annually after taking into consideration the Company's performance, market rates and level of responsibility. The aggregate amount of fees which may be paid to non-executive Directors is subject to the approval of shareholders at the Annual General Meeting and is currently set at \$1,750,000 (2020: \$1,750,000) per annum.

Remuneration of Key Management Personnel (Chief Executive Officer and Chief Financial Officer) are disclosed in the Remuneration Report within the Company's Annual Financial Statements. The levels of remuneration are reviewed annually by the HSEPC, taking into consideration the Company's performance, market rates and levels of responsibility. The HSEPC makes a recommendation to the Board with any adjustments subject to approval by the Board.

The Company's Trading in Company Securities Policy has been disclosed to the market and is published on the Company's website.