



**Siburan  
Resources  
Limited**

ACN 137 176 393

---

# CORPORATE GOVERNANCE STATEMENT

---

*Approved by the Board of Siburan Resources Limited on 23 September 2016.*

For personal use only

The Board and management of Siburan Resources Limited (“Siburan” or the “Company”) recognise their duties and obligations to shareholders and other stakeholders to implement and maintain a proper system of corporate governance. The Company believes that the adoption of good corporate governance adds value to stakeholders and enhances investor confidence.

The ASX Listing Rules require listed companies to prepare a statement disclosing the extent to which they have complied with the recommendations of the ASX Corporate Governance Council (“Recommendations”) in the reporting period. The Recommendations are guidelines designed to improve the efficiency, quality and integrity of the Company. They are not prescriptive, so that if a company considers a recommendation to be inappropriate having regard to its own circumstances, it has the flexibility not to follow it. Where a company has not followed all the Recommendations, it must identify which Recommendations have not been followed and give reasons for not following them.

This Corporate Governance Statement (“Statement”) provides details of the Company’s compliance with those Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation.

This Statement is current as at 23 September 2016 and has been approved by the Board of Directors of Siburan Resources Limited.

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

Recommendation	Requirement	Comply Yes/ No
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity’s progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity’s diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or (2) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.	Partly - see commentary below
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes



1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes
-----	---	-----

**Commentary**

The Board operates under the Board Charter that details its functions, responsibilities and powers and those delegated to management. The Board Charter is available on the Company's website.

The Board is accountable to shareholders for the performance of the Company. The Board's primary responsibility is to oversee Sibur's business activities and management for the benefit of all shareholders, which it accomplishes by:

- reviewing and approving corporate strategies, the annual budget and financial plans;
- overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives;
- monitoring financial performance and liaising with the Company's external auditor;
- appointing and assessing the performance of the Managing Director (or equivalent), and overseeing succession plans for senior executives;
- ratifying the appointment and the removal of senior executives and the company secretary;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestures;
- reviewing, ratifying and monitoring the systems of risk management and internal control, codes of conduct and legal compliance;
- enhancing and protecting the reputation of the Company; and
- reporting to and communicating with shareholders.

The Company seeks to have a board comprising directors with an appropriate variety of skill, experience and expertise who are competent in dealing with current and emerging issues of the business and who can effectively review and challenge the performance of management and exercise independent judgement.

The appointment of directors is governed by the Company's Constitution and the Appointment and Selection of New Directors policy. In accordance with the Constitution of the Company, no director except a Managing Director shall hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election.

On appointment, non-executive directors receive formal letters of appointment setting out the terms and conditions of employment. Executive directors are employed pursuant to employment contracts. Full-time senior executives are employed under written contractual arrangements.

The Diversity Policy sets out the Company's aims and practices in relation to recognising and respecting diversity in employment. The Policy reinforces the Company's commitment to actively managing diversity as a means of enhancing the Company's performance by recognising and utilising the contributions of diverse skills and talent from its employees.

The Company is at variance with **Recommendation 1.5(a)** in that it has not set or disclosed measurable objectives for achieving gender diversity in accordance with its Diversity Policy. Due to the size of the Company, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

The performances of the Board, its committees, individual directors and senior executives are evaluated in accordance with the Performance Evaluation Process (available on the Company's website). Performance evaluations of the Board, the Nomination and Remuneration Committee, the Audit and Risk Committee and individual directors will take place subsequent to the reporting period and will be carried out in accordance with the process disclosed.

For personal use only



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

Recommendation	Requirement	Comply Yes/ No
2.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a nomination committee which:               <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:                   <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</li> </ul> </li> </ul> </li> <li>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	Partly - see commentary below
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	No
2.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the names of the directors considered by the board to be independent directors;</li> <li>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</li> <li>(c) the length of service of each director.</li> </ul>	Yes
2.4	A majority of the board of a listed entity should be independent directors.	No
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes

**Commentary**

The Board has appointed a Nomination and Remuneration Committee, comprising of Messrs Tiong (non-executive director) and Tan (Executive Director) and is chaired by Mr Tiong. The Company is at variance with **Recommendation 2.1** due to the current composition of the Committee. A formal charter outlining the Committee's function, composition, authority, responsibilities and reporting is available for viewing on the Company's website. The Board has determined that the current composition is appropriate given the size of the Company. Details of meetings held by the Committee during the year and member attendances are set out in the 2016 Directors' Report.

The Board strives to ensure that it is comprised of directors with a blend of skills, experience and attributes appropriate to the Company and its business. The principal criterion for the appointment of new directors is their ability to add value to the Company and its business. In light of this, the Company is at variance with **Recommendation 2.2**. It has not been deemed necessary to create a formal document setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.



The Board consists of the Managing Director, one executive director who is also the Chief Financial Officer and three non-executive directors. Details of their skills, experience and expertise and the period of office held by each have been included in the 2016 Directors' Report. The number of Board and Committee meetings and the attendance of the directors are set out in the 2016 Directors' Report.

The Board has reviewed the position and associations of each of the three non-executive directors in office and has determined that two non-executive directors are currently independent directors. In making this determination, the Board had regard to the independence criteria set out in ASX's Corporate Governance Principles and Recommendations, and other facts, information and circumstances that the Board considers relevant. Mr Sheather and Mr Tiong hold shares in the Company. However, the Board does not consider any of the holdings to be of a size such that it might influence, or reasonably be perceived to influence, in a material respect their capacity to bring independent judgement to bear on issues before the Board.

**The Company is at variance with Recommendations 2.4 and 2.5** as it presently does not have a chairman and the majority of the Board are non-independent directors. The Board has determined that the composition of the current Board represents the best mix of directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

When appointed to the Board, a new director will receive an induction appropriate to their experience. Directors may participate in continuing education to update and enhance their skills and knowledge from time to time, as considered appropriate. Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. The Board also has a policy under which individual directors and Board committees may obtain independent professional advice at the Company's expense in relation to the execution of their duties, after consultation with the Chairman.

The Company's Constitution, Nomination and Remuneration Committee Charter and the policy for Appointment and Selection of New Directors are available on the Company's website: <http://www.siburan.com.au/corporate/corporate-governance>.

**PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY**

Recommendation	Requirement	Comply Yes/ No
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Yes

**Commentary**

As part of the Board's commitment to maintaining a proper system of corporate governance, the Company has adopted a Code of Conduct to guide directors and officers in carrying out their duties and responsibilities.

The Code of Conduct applies to all directors and officers of the Company. It sets out Siburan's commitment to successfully conducting the business in accordance with all applicable laws and regulations while demonstrating and promoting the highest ethical standards. The Code of Conduct reflects the matters set out in the commentary and guidance for Recommendation 3.1.

The Code of Conduct is available on the Company's website: <http://www.siburan.com.au/corporate/corporate-governance>.

For personal use only



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

Recommendation	Requirement	Comply Yes/ No
4.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have an audit committee which:               <ul style="list-style-type: none"> <li>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, who is not the chair of the board, and disclose:                   <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the relevant qualifications and experience of the members of the committee; and</li> <li>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul>	Partly - see commentary below
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes

**Commentary**

The Audit and Risk Committee consists of two members, Mr Tiong (non-executive director) and Mr Tan (executive director) and is chaired by Mr Tiong. The Audit and Risk Committee Charter (available on the Siburan website) sets out its role, responsibilities and membership requirements. The Company is at variance with **Recommendation 4.1** as its Audit and Risk Committee consists of only two members and one of them is an executive director. The Board has determined that the current composition is appropriate given the size of the Company. The number of meetings held and the individual attendances of Committee members at those meetings are disclosed in the 2016 Directors' Report.

Prior to approval of the Company's annual financial statements, the Board obtains a declaration from its Managing Director and CFO that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Consistent with its Charter, the Audit and Risk Committee reviews the external auditor's terms of engagement and audit plan, and assesses the independence of the external auditor. The current practice, subject to amendment in the event of legislative change, is for the rotation of the engagement partner to occur every five years.

The Company's independent external auditor is PKF Mack. The appointment of PKF Mack was ratified by members at the inaugural Annual General Meeting held on 17 November 2010. The Company's external auditor attends every Annual General Meeting as required by the Corporations Act, and members are allowed a reasonable opportunity at the meeting to ask the auditor questions relevant to the audit, their report and independence, and the accounting policies adopted by the Company.

For personal use only



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

Recommendation	Requirement	Comply Yes/ No
5.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Yes

**Commentary**

The Continuous Disclosure Policy sets out the key obligations of the directors and employees in relation to continuous disclosure as well as the Company's obligations under the Listing Rules and the Corporations Act. The Policy also provides procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements for monitoring compliance.

The Policy reflects the matters set out in the commentary and guidance for Recommendation 5.1. The Continuous Disclosure Policy is available on the Company's website: <http://www.siburan.com.au/corporate/corporate-governance>.

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

Recommendation	Requirement	Comply Yes/ No
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	No
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes

**Commentary**

In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. All information disclosed to the ASX is posted on the Company's website.

The Company has a Shareholder Communications Policy which is available on the Company's website. The Shareholder Communications Policy sets out the Company's aims and practices in respect of communicating with both current and prospective shareholders.

Shareholders are forwarded the Company's Annual Report, if requested, and documents relating to each General Meeting, being the Notice of Meeting, any Explanatory Memorandum and a Proxy Form, and shareholders are invited to attend these meetings. Shareholders may elect to receive communications electronically. The Company's external auditors are also required to be present at annual shareholder meetings to answer any queries shareholders may have with regard to the audit and preparation and content of the Audit Report.

Siburan is at variance with **Recommendation 6.2** as the Company has not designed and implemented a specific investor relations program to facilitate effective two-way communication with shareholders. The Board considers the above practices adequate at the present time. As the Company grows in size, the Board will monitor the requirement to develop more formal and expansive communications with shareholders.



**PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

Recommendation	Requirement	Comply Yes/ No
7.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a committee or committees to oversee risk, each of which:               <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:                   <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</li> </ul>	Partly - see commentary below
7.2	The board or a committee of the board should: <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>(b) disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	Yes
7.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	Yes
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes

**Commentary**

Siburan's risk management framework is supported by the Board of Directors, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Management is responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee also has delegated responsibilities in relation to risk management and the financial reporting process as set out in the Audit and Risk Committee Charter (available on the Company's website). Because the Audit and Risk Committee is comprised of only two members, the Company does not comply with **Recommendations 7.1**, which require at least three members. However, the Board considers the present level of membership to be adequate and that the experience and qualifications of the persons on the Committee are sufficient to ensure that the Committee properly discharges its duties. As the operations of the Company develop the Board will reassess the composition of the Audit and Risk Committee. The number of meetings held and the individual attendances of Committee members at those meetings are disclosed in the 2016 Directors' Report. Further detail regarding the Audit and Risk Committee can be found above at Principle 4: Safeguarding integrity in financial reporting.

Siburan recognises that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the Company. As a result, the Board has adopted a Risk Management Policy which sets out the Company's system of risk oversight, management of material business risks and internal control. The Risk Management Policy is available on the Company's website.

When considering the Audit and Risk Committee's review of financial reports, the Board receives a written statement declaration in accordance with section 295A of the Corporations Act, signed by the Managing Director and Chief Financial Officer, that the Company's financial reports give a true and fair view, in all material respects with, of the Company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

For personal use only



Although the Company does not have an internal audit function, the Audit and Risk Committee evaluates the effectiveness of the Company's risk management and internal control processes. In a separate written statement the Managing Director and the Chairman of the Audit and Risk Committee confirms to the Board that the Company's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

The Board believes the Company does not have any material exposure to economic, environmental and social sustainability risks at the present time.

**PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

Recommendation	Requirement	Comply Yes/ No
8.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a remuneration committee which:               <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose:                   <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>	Partly - see commentary below
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes
8.3	A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> <li>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	Yes

**Commentary**

The Nomination and Remuneration Committee has delegated responsibilities in relation to the Company's remuneration policies as set out in the Nomination and Remuneration Committee Charter (available on the Company's website). Further detail regarding the Nomination and Remuneration Committee can be found above at Principle 2: Structure the board to add value. The Company is at variance with **Recommendation 8.1** as its Nomination and Remuneration Committee consists of only two members and one of them is a non-independent director. The Board has determined that the current composition is appropriate given the size of the Company. Details of meetings held by the Committee during the year and member attendances are set out in the 2016 Directors' Report.

The policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors are set out in the 2016 Remuneration Report contained in the 2016 Directors' Report.

The Company has adopted a Securities Trading Policy which set out the rules relating to dealings by employees and directors in securities issued by the Company. The Securities Trading Policy prohibits employees and directors from using derivatives or hedging arrangements that operate or are intended to operate to limit the economic risk of security holdings over unvested Company securities. The Securities Trading Policy is available on the Company's website: <http://www.siburan.com.au/corporate/corporate-governance>.

For personal use only