

Corporate governance statement

This document discloses the extent to which Alchemia Limited ACN 071 666 334 (**Company**) has followed the recommendations set by the ASX Corporate Governance Council in the third edition of its Corporate Governance Principles and Recommendations (**ASX Recommendations**) during the relevant part of the reporting period.

This document is current as at 30 June 2016 and has been approved by the board of the Company.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
<p>Recommendation 1.1 A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>Yes</p> <p>Yes</p>	<p>Refer to the Company's Board Charter for further detail which is located on the Company's website at the following link:</p> <p>http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx</p>
<p>Recommendation 1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>Yes</p> <p>Yes</p>	<p>Refer Section 1.5 of the Company's Board Charter for further detail which is located on the Company's website at the following link:</p> <p>http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx</p> <p>Information is included in The Company's Notice of Meetings to shareholders.</p>
<p>Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Yes</p>	<p>Every executive is employed under a formal contract for services. Each Non-executive Director is engaged under an Appointment letter. Details of these are contained within the Remuneration Report.</p> <p>Refer Section 1.5 of the Company's Board Charter for further detail which is located on the Company's website at the following link:</p> <p>http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx</p> <p>Details of executive contracts in place are detailed in the Company's Annual Remuneration Report in the 2016 Annual Report</p>
<p>Recommendation 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.</p>	<p>Yes</p>	<p>Refer Section 1.10 of the Company's Board Charter for further detail which is located on the Company's website at the following link:</p> <p>http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx</p>

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<p>Recommendation 1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board:</p> <ul style="list-style-type: none"> (i) to set measurable objectives for achieving gender diversity; and (ii) to assess annually both the objectives and the entity’s progress in achieving them; <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <ul style="list-style-type: none"> (i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity’s diversity policy and its progress towards achieving them; and (ii) either: <ul style="list-style-type: none"> (A) 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 (B) the entity’s “Gender Equality Indicators”, as defined in the Workplace Gender Equality Act 2012. 	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Refer to the Company’s Diversity Policy for further detail which is located on the Company’s website at the following link: http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx</p> <p>Refer to the Company’s Diversity Policy for further detail which is located on the Company’s website at the following link: http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx</p> <p>The proportion of women on the board, women in senior executive positions and women employees in the whole organisation as at reporting date was as follows:</p> <table border="1" data-bbox="1335 724 1901 887"> <thead> <tr> <th></th> <th colspan="2">Management</th> <th colspan="2">Board</th> </tr> <tr> <th></th> <th>F</th> <th>M</th> <th>F</th> <th>M</th> </tr> </thead> <tbody> <tr> <td></td> <td>1</td> <td>0</td> <td>0</td> <td>3</td> </tr> <tr> <td>Total Staff</td> <td colspan="2">1</td> <td colspan="2">3</td> </tr> <tr> <td>% Female</td> <td colspan="2">100%</td> <td colspan="2">0%</td> </tr> </tbody> </table>		Management		Board			F	M	F	M		1	0	0	3	Total Staff	1		3		% Female	100%		0%	
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<p>Recommendation 1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; 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>	<p>Yes</p> <p>No</p>	<p>Refer Section 1.6 of the Company’s Board Charter for further detail which is located on the Company’s website at the following link: http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx</p> <p>There has not been a review of board performance given the changes during the year. The Company expects to undertake a Board Performance Review in Q1 2017 and thereby the Company does not currently comply with Recommendation 1.6.</p>																									

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
<p>Recommendation 1.7</p> <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>	<p>Yes</p> <p>Yes</p>	<p>Refer Section 4 of the Company's Supplementary Policies for further detail which is located on the Company's website at the following link: http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx</p> <p>There are currently no senior executives employed by the Company.</p>
Principle 2: Structure the board to add value		
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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</p> <p>(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, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	<p>(a) Yes</p> <p>(i) Yes</p> <p>(ii) Yes</p> <p>(iii) Yes</p> <p>(iv) Yes</p> <p>(v) Yes</p> <p>(b) N/A</p>	<p>The Nomination Committee comprises all members of the Board, the majority of whom are independent, and meets when necessary to consider and select candidates for the position of director. The Chair of the Nomination Committee is an independent director. The composition of the Nomination Committee, and details on the number of meetings, can be found in the Directors' Report. A copy of the Nomination Committee charter can be found on the Company's website.</p> <p>Refer to the Company's Nomination Committee Charter which is located on the Company's website at the following link: http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx?page=1</p> <p>Refer to the Company's 2016 Annual Report which is located on the Company's website at the following link: http://www.alchemia.com.au/InvestorCentre/AnnualReports.aspx</p>

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<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	No	The Board does not maintain a formal matrix of Board skills and experience, however the diversity of experience, and assessment of any gaps in skills and experience are a key consideration for any appointment to the Board that is contemplated
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), 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</p> <p>(c) the length of service of each director.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>The Board consists of three Directors, all of which are non-executive directors.</p> <p>The Board assesses director independence on an annual basis, or more often if it feels it is warranted, depending on disclosures made by individual Directors.</p> <p>The lengths of service are as follows:</p> <ul style="list-style-type: none"> • Simon Gennari (7 months) • David Lamm (6 months) • Nathan Drona (3 years 6 months)
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	Yes	The Board has two independent Directors being Simon Gennari and Nathan Drona.
<p>Recommendation 2.5</p> <p>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.</p>	Yes	The Chairman, Simon Gennari is an independent director and is not the CEO of the Company.
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	Yes	The Company does not have a formal induction program for new directors. Rather, every new director is given the opportunity to meet with other non-executive directors individually.

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Principle 3: Act ethically and responsibly		
<p>Recommendation 3.1 A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Yes to all	<p>For further detail refer to the Company's Code of Conduct for directors and senior executives which is located on the Company's website at the following link: http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx</p>
Principle 4: Safeguard integrity in financial reporting		
<p>Recommendation 4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) 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</p> <p>(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 financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>N/A</p>	<p>The Audit Committee comprises all members of the Board, the majority of whom are independent, and meets when necessary to consider and select candidates for the position of director. The Chair of the Audit Committee is an independent director. The composition of the Audit Committee, and details on the number of meetings, can be found in the Directors' Report. A copy of the Audit Committee charter can be found on the Company's website.</p> <p>Refer to the Company's Audit & Risk Committee Charter which is located on the Company's website at the following link: http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx</p> <p>Refer to the Company's 2016 Annual Report which is located on the Company's website at the following link: http://www.alchemia.com.au/InvestorCentre/AnnualReports.aspx</p>

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<p>Recommendation 4.2</p> <p>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 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.</p>	Yes	The Chairman and Company Secretary execute Section 295A declarations and submit to the Audit Committee and Board prior to approving the Annual Report.
<p>Recommendation 4.3</p> <p>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.</p>	Yes	The Auditor attends the Company Annual General Meeting
Principle 5: Make timely and balanced disclosure		
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes Yes	Refer to the Company's website for further detail which is located on the Company's website at the following link: http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx
Principle 6: Respect the rights of security holders		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	Refer to the Company's Corporate Governance for further detail which is located on the Company's website at the following link: http://www.alchemia.com.au/
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	Refer to the Company's Corporate Governance for further detail which is located on the Company's website at the following link: http://www.alchemia.com.au/

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<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Yes	This is disclosed in the Company's Notice of Meetings when dispatched to Shareholders.
<p>Recommendation 6.4</p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Yes	This is implemented by the Company's Share Registry.
Principle 7: Recognise and manage risk		
<p>Recommendation 7.1</p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	<p>(a) Yes</p> <p>(i) Yes</p> <p>(ii) Yes</p> <p>(iii) Yes</p> <p>(iv) Yes</p> <p>(v) Yes</p> <p>(b) N/A</p>	<p>The Risk Committee comprises all members of the Board, the majority of whom are independent, and meets when necessary to consider and select candidates for the position of director. The Chair of the Risk Committee is an independent director. The composition of the Risk Committee, and details on the number of meetings, can be found in the Directors' Report. A copy of the Risk Committee charter can be found on the Company's website.</p> <p>Refer to the Company's Audit & Risk Committee Charter which is located on the Company's website at the following link: http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx</p> <p>Refer to the Company's 2016 Annual Report which is located on the Company's website at the following link: http://www.alchemia.com.au/InvestorCentre/AnnualReports.aspx</p>
<p>Recommendation 7.2</p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	Yes to all	<p>The Board, together with the Audit and Risk Committee, is responsible for satisfying itself that the Company's risk management systems are effective</p> <p>Refer to the Company's Audit & Risk Committee Charter which is located on the Company's website at the following link: http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx</p> <p>The Company will undertake a risk review in Q1 2017</p>

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<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	<p>a. N/A</p> <p>b. Yes</p>	<p>The tasks of undertaking and assessing risk management and internal control effectiveness are delegated by the Audit and Risk Committee to management through the CFO, including responsibility for the day to day design and implementation of the Company's risk management and internal control system. Management then reports to the Board on the Company's key risks and the extent to which it believes these risks are being managed and adequate systems are in place.</p> <p>Refer to the Company's Audit & Risk Committee Charter which is located on the Company's website at the following link: http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Yes</p>	<p>For the purposes of assisting investors to understand better the nature of the risks faced by Alchemia Limited going forward, the Board has prepared a list of operational risks as part of these Principle 7 disclosures. However, the Board notes that this does not necessarily represent an exhaustive list and that it may be subject to change based on underlying market events:</p> <ul style="list-style-type: none"> • Fluctuations in interest rates and exchange rates, particularly the US dollar; • Increasing costs of operations eg. compliance costs; and <p>The Board does not consider the Company has any material exposure to environmental and social sustainability risks.</p>

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Principle 8: Remunerate fairly and responsibly		
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) 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</p> <p>(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.</p>	<p>(a) Yes</p> <p>(i) Yes</p> <p>(ii) Yes</p> <p>(iii) Yes</p> <p>(iv) Yes</p> <p>(v) Yes</p> <p>(b) N/A</p>	<p>The Remuneration Committee comprises all members of the Board, the majority of whom are independent, and meets when necessary to consider and select candidates for the position of director. The Chair of the Remuneration Committee is an independent director. The composition of the Remuneration Committee, and details on the number of meetings, can be found in the Directors' Report. A copy of the Remuneration Committee charter can be found on the Company's website.</p> <p>Refer to the Company's Remuneration Committee Charter which is located on the Company's website at the following link: http://www.alchemia.com.au/InvestorCentre/CorporateGovernance.aspx?page=1</p> <p>Refer to the Company's 2016 Annual Report which is located on the Company's website at the following link: http://www.alchemia.com.au/InvestorCentre/AnnualReports.aspx</p>
<p>Recommendation 8.2</p> <p>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.</p>	<p>Yes</p>	<p>Separate disclosure regarding the remuneration of the Company's directors (executive and non-executive) is disclosed in the Company's Annual report, as lodged with the ASX and issued to shareholders.</p> <p>A copy of the latest Annual Report containing this disclosure can be accessed at http://www.alchemia.com.au/InvestorCentre/AnnualReports.aspx</p>
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) disclose that policy or a summary of it.</p>	<p>N/A</p>	<p>The Company does not have an equity based remuneration scheme in place.</p>