

## Appendix 4G

# Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

AWE Limited

ABN :

70 077 897 440

Financial year ended:

30 June 2017

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

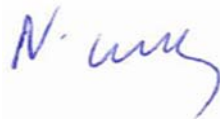
- These pages of our annual report:
- This URL on our website:  
<http://www.awexplore.com/irm/content/corporate-governance-statement1.aspx?RID=434>

The Corporate Governance Statement is accurate and up to date as at 25 August 2017 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 25 August 2017

Company Secretary:



Print Name: Neville Francis Kelly

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> Letters of appointment for non-executive directors finalised during the financial year <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<p>1.5 A listed entity should:</p> <p>(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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(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:</p> <p>(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</p> <p>(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.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at Company Policies section under Corporate Governance Section of the Company's website <a href="http://www.awexplore.com">www.awexplore.com</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>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>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.7 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>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</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, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Charters of Board Sub-Committees Section under the Corporate Governance Section of the Company's website <a href="http://www.awexplore.com">www.awexplore.com</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ 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:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p>Further details are provided in the Corporate Governance Statement.</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>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.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (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 (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
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.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(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</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 corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Charters of Board Sub-Committees Section under the Corporate Governance Section of the Company's website <a href="http://www.awexplore.com">www.awexplore.com</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<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, 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.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at Corporate Governance Section of the Company's website <a href="http://www.awexplore.com">www.awexplore.com</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
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.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
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.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</p> <p>(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.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Charters of Board Sub-Committees Section under the Corporate Governance Section of the Company's website <a href="http://www.awexplore.com">www.awexplore.com</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3	<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>[If the entity complies with paragraph (a):]  ... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]  ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>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.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(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</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>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at Charters of Board Sub-Committees Section under the Corporate Governance Section of the Company's website <a href="http://www.awexplore.com">www.awexplore.com</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ 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><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<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>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
8.3	<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>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



**AWE LIMITED**  
ABN 70 077 897 440

## **CORPORATE GOVERNANCE STATEMENT** **30 JUNE 2017**

The ASX Listing Rules require listed entities to disclose the extent to which they have followed the Corporate Governance Principles and Recommendations set by the ASX Corporate Governance Council during the reporting period. This corporate governance statement summarises the corporate governance practices that have been formally reviewed and adopted by the AWE Board with a view to ensuring continued investor confidence in the operations of the Company and endorsing the corporate governance principles relevant to a company of AWE's nature and size.

The 3<sup>rd</sup> edition of the ASX Corporate Governance Principles and Recommendations was introduced on 27 March 2014 and took effect for a listed entity's first full financial year ending on or after 1 July 2014. Accordingly this Corporate Governance Statement has been prepared on the basis of disclosure under the 3<sup>rd</sup> Edition of these principles with a table included at the back of this statement detailing the Company's compliance with these principles during the period.

The Company's website at [www.awexplore.com](http://www.awexplore.com) contains a corporate governance section that includes copies of the Company's corporate governance policies and board committee charters mentioned in this statement.

### **ASX Principle 1 – Lay solid foundations for management and oversight**

#### **Role of the board**

The responsibilities of the Board are to:

- set the strategic direction for the Company and monitor progress of those strategies;
- establish and monitor policies appropriate for the Company;
- approve the business plan and annual work programs and budgets in line with the approved strategy;
- authorise material investment and strategic commitments;
- authorise material asset divestments;
- review capital management initiatives;
- take responsibility for risk management and control processes;
- review and ratify systems for health, safety and environmental management;
- report to shareholders, including but not limited to, the financial statements of the Company;
- evaluate the performance of the Board, Board committees and the CEO/Managing Director;
- monitor Board succession planning including to identification and appointment of the CEO/Managing Director and non-executive directors;
- take responsibility for corporate governance and regulatory compliance;
- if required, approve any external directorship held by directors or senior executives;
- ensure that trading in the Company's securities takes place in an efficient, competitive and informed market; and
- approve the annual Notice of Annual General Meeting.

These responsibilities are documented in a formal charter which is reviewed as required but in any event at least every two years. A copy of this charter can be found in the Corporate Governance section of the Company's website.

The following Board committees have been established to assist the Board in discharging these responsibilities:

- Nominations Committee (refer section 2);
- Audit and Governance Committee (refer section 4);
- Sustainability Committee (refer section 7); and
- People Committee (refer section 8).

#### **Delegation to management**

Other than matters specifically reserved for the Board, responsibility for the operation and administration of the Company has been delegated to the CEO/Managing Director. This responsibility is subject to an approved delegation of authority which is reviewed regularly and at least annually.

Internal control processes are designed to allow management to operate within the parameters approved by the Board

and the CEO/Managing Director cannot commit the Company to additional activities or obligations in excess of these delegated authorities without specific approval of the Board.

### **Election of directors**

The Board, on the recommendation of the Nominations Committee, is responsible for overseeing the selection process of new directors, and will undertake appropriate checks before appointing a new director, or putting forward a candidate for election as a director.

All relevant information is to be provided in the Notice of Meeting seeking the election or re-election of a director including:

- biographical details including qualifications and experience;
- other directorships and material interests;
- term of office;
- statement by the board on independence of the director;
- statement by the board as to whether it supports the election or re-election; and
- any other material information.

### **Terms of appointment**

#### *Non-Executive Directors*

To facilitate a clear understanding of roles and responsibilities all non-executive directors have signed letter of appointment. This letter of appointment letter includes acknowledgement of:

- director responsibilities under the Corporations Act, Listing Rules, the Company's Constitution and other applicable laws;
- corporate governance processes and Company policies;
- board and board committee meeting obligations;
- conflicts and confidentiality procedures;
- securities trading and required disclosures;
- access to independent advice and employees;
- confidentiality obligations;
- directors fees;
- expenses reimbursement;
- directors and officers insurance arrangements;
- other directorships and time commitments; and
- board performance review and succession.

#### *CEO/Managing Director and senior executives*

The CEO/Managing director and senior executives have signed executive services agreements. For further information refer to the June 2017 Remuneration Report.

### **Role of Company Secretary**

The Company Secretary is accountable to the Board for:

- advising the Board and committees on corporate governance matters;
- the completion and distribution of board and committee papers;
- completion of board and committee minutes; and
- the facilitation of director induction processes and ongoing professional development of directors.

All directors have access to the Company Secretary who has a direct reporting line to the Chairman.

### **Diversity**

AWE is committed to a workplace culture where the engagement of diverse, qualified, capable and motivated staff at all levels of the organisation is promoted in order to deliver enhanced corporate performance, reputation and shareholder value for the AWE group.

AWE has a diverse and effective workforce to enable it to achieve its strategic goals. The Company supports greater gender diversification in the workplace whilst maintaining a strong merit based culture for all employees and management. AWE has increased the level of female representation across the organisation from 44% to 45% over the financial year.

The following table shows the comparative gender representation of men and women at various levels within AWE year on year as at 30 June 2017.

Gender Representation of AWE's Workforce									
	MALES				FEMALES				TRACKING
	No. Males 2016	No. Males 2017	% Males 2016	% Males 2017	No. Females 2016	No. Females 2017	% Females 2016	% Females 2017	
Non-Executive Directors	4	4	80%	80%	1	1	20%	20%	0%
Senior Executives <sup>1</sup>	3	4	100%	80%	0	1	0%	20%	20% ↑
Senior Manager	9	8	82%	100%	2	0	18%	0%	18% ↓
Senior Technical & Professional	12	12	55%	52%	10	11	45%	48%	3% ↑
Technical & Professional	13	6	59%	46%	9	7	41%	54%	13% ↑
Support Staff	4	2	22%	18%	14	9	78%	82%	4% ↑
Total workforce	45	36	56%	55%	36	29	44%	45%	1% ↑

<sup>1</sup> Includes Managing Director.

Senior Executive is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly.

**Note:** For the purposes of both the above statistics, AWE defines "workforce" as all full-time, part-time and temporary employees and independent contractors. AWE is not defined as a "relevant employer" for the purposes of the Gender Equality Act as there are less than 100 Australian employees in the AWE group.

In order to assess and measure objectives for achieving diversity across the organisation, the Board has established the following commitments which are embedded within the Company's Diversity Policy:

- To recruit and retain people on the basis of their ability and performance regardless of factors such as age, cultural, ethnic or religious background, gender, nationality, physical ability or race.
- Never to accept any type of unlawful bullying, discrimination, harassment, victimisation or vilification anywhere in the AWE group.
- While retaining a merit based culture for all staff across the organisation, a key focus is to seek and support, where possible, greater gender diversification in AWE operations and management.
- To support staff in their professional development; with work-life balance; and with their career progression within the organisation.
- At least annually, to review pay equity to address any anomalies and any gender gaps.
- To undertake and monitor diversity initiatives and measure their effectiveness at least annually.
- To review the Diversity Policy regularly and update it as required.

The Diversity Policy is available on AWE's website in the Corporate Governance section.

**The measurable gender diversity objectives set by the Board for 2017 are outlined below together with a report on progress towards achieving these objectives:**

Objectives for 2017	Initiatives	Progress in achieving the objective
Increase the percentage of female directorship on the board. <sup>1</sup>	Female candidates to be actively considered for any director vacancies that may arise.	Currently 1 female board member.
A medium term goal (3-5 years) is to be equal to, or better than, AWE's peer group with respect to its gender diversity mix across the organisation.	A comparison on gender split across AWE and its peers demonstrates that AWE continues to track in the top 25% quartile with 44% of the workforce being female.	Achieved in 2015 and ongoing.
Increase the percentage of female senior managers within its organisation through appropriate succession planning and recruitment.  When recruiting senior and technical roles, a balance of candidates by gender to be sought and due consideration given for each position.	Female staff continue to be represented across the organisation.	Decrease in female representation at Senior Manager level in 2017 however, a female senior manager was promoted to the Senior Executive in 2017.
Promote pay equity for all employees at all levels of the organisation.	Participate in an industry remuneration report and actively review pay equity to ensure alignment of pay for the same roles, irrespective of gender.	Achieved and ongoing
Promote a culture that supports work-life balance for all staff.	AWE acknowledges that domestic responsibilities exist and therefore support flexible working arrangements for either working from home for some of the time or for part-time employment.	Excluding directors, 32% of female staff have flexible working arrangements. Flexible working arrangements are offered to all staff.
Increase the number of female graduates joining the Company in the engineering and Geology & Geoscience disciplines.	No vacancies currently	Ongoing consideration of prospective female graduates as and when a vacancy arises.
Support further education opportunities for employees, including women, in support of their career progression to more senior positions.	A female employee is being sponsored to complete a degree in accounting.  A female Geologist completed a course in Integrated Petrophysics for Reservoir Characterisation	Ongoing  Achieved
Increase the average length of service of women in the workplace and track their retention.	Through retention, increase length of service of women in the workplace at AWE.	Retention levels for female staff have been stable with 38% of the female staff having been with the Company for over 5 years.

<sup>1</sup> While AWE supports the target of 30% of women on its Board by end of 2018, the achievement of this goal is reliant on board vacancies occurring and the appropriate candidate being available for the position as AWE maintains a strong merit based culture for all positions it recruits. In the current low oil price environment, the Board has agreed to maintain the current number of NEDs.

The Company's Diversity Policy includes a commitment to recruit and retain people regardless of factors such as age, cultural, ethnic or religious background, gender, nationality, physical ability or race.



## **Performance review**

### *Board and board committees*

A review of the Board's performance and effectiveness is conducted annually and the performance of individual directors is undertaken regularly.

As required by their respective charters all Board committees also undertake an annual performance review.

The Board and the Board Committees have the discretion for these reviews to be conducted either independently or on a self-assessment basis.

### *CEO/Managing Director and senior executives*

Performance evaluation of the CEO/Managing Director, senior executives and employees is undertaken annually through a performance appraisal process which involves reviewing and assessment of performance against agreed corporate and individual key performance indicators and deliverables.

For further information refer to the June 2017 Remuneration Report.

## **Retirement and rotation of directors**

Retirement and rotation of directors are governed by the Corporations Act 2001 and the Constitution of the Company. Each year, one third of directors must retire and offer themselves for re-election. Any casual vacancy filled will be subject to shareholder vote at the next Annual General Meeting of the Company.

It is intended that Ken Williams by rotation, will stand for re-election at the Company's 2017 Annual General Meeting.

## **Independent professional advice**

Each director has the right to seek independent professional advice at the Company's expense after consultation with the Chairman. Once received, the advice is to be made immediately available to all Board members.

## **Access to employees**

Directors have the right of access to any employee. Any employee shall report any breach of corporate governance principles or Company policies to the CEO/Managing Director who shall remedy the breach. If the breach is not rectified to the satisfaction of the employee, they shall have the right to report any breach to an independent director without further reference to senior executives of the Company.

## **Directors' and officers' liability insurance**

Directors' and officers' liability insurance for directors is arranged by the Company at the Company's expense.

## **Board meetings**

The frequency of board meetings and the extent of reporting from management at board meetings are as follows:

- a minimum of six scheduled meetings are to be held per year;
- other meetings will be held as required;
- meetings can be held where practicable by electronic means;
- information provided to the Board includes all material information related to the operations of the Company including exploration, development and production operations, budgets, forecasts, cash flows, funding requirements, investment and divestment proposals, business development activities, investor relations,
- financial accounts, taxation, external audits, internal controls, risk assessments, people and health, safety and environmental reports and statistics;
- the Chairman of the appropriate board committee reports to the next subsequent board meeting the outcomes of that meeting and the minutes of those committee meetings are also tabled.

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are set out in the Directors' Report.

## **ASX Principle 2 - Structure the board to add value**

### **Nominations committee**

The recently formed Nominations Committee advises and supports the Board of AWE Limited (the Company) on the composition and performance of the Board.

The Nominations Committee reviews and gives advice and recommendations to the Board about:

- the composition and size of the Board, including succession plans, to enable the Board to have an appropriate mix of diversity, experience, expertise, independence and skills;
- the performance of the Board, each committee of the Board and each member of the Board. This includes developing and implementing appropriate processes to assist and evaluate induction and performance; and
- candidates for Board appointment/shareholder election, including their identification and evaluation.

These responsibilities are documented in a formal charter which is reviewed as required but in any event at least every two years. A copy of this charter can be found in the Corporate Governance section of the Company's website.

The Nominations Committee will be comprised of all non-executive directors and the Chairman of the Committee will be the Chairman of the Board.

The number of Nominations Committee meetings and the number of meetings attended by each of the members of the Nominations Committee during the financial year and information regarding committee member experience and responsibilities are set out in the Directors' Report.

### **Composition of the board**

The names of the directors of the Company in office at the date of this statement and information regarding directors' experience and responsibilities are set out in the Directors' Report.

The Company's constitution provides for the Board to determine a number of directors that is not less than three and not more than ten directors.

The Board has resolved that it will at all times have a majority of non-executive directors, with at least 50% of directors considered to be independent, including the Chairman, who shall be non-executive.

The Company seeks to maintain a Board which brings together a diverse range of skills, experience and perspectives which will support the strategic direction of the Company and enable effective management oversight and governance.

A matrix that details the required technical capabilities, skills and experience for the Board has been developed with the preferred combination of skills and experience being identified as:

- Technical
  - exploration (geological / geophysical)
  - development & production engineering
- Finance
  - finance & treasury

- accounting & taxation
- Executive management experience
  - strategic planning & growth
  - risk and governance
- Corporate social responsibility
  - sustainability & community / stakeholder

Each of these skills are currently represented on the Board and the Board considers that collectively the Board has the appropriate range of skills and experience to guide the strategic direction of the Company.

### Independent directors

The Board considers that a director is independent if that director complies with the following criteria:

- apart from director's fees and shareholdings, independent directors should not have any business dealings which could materially affect their independent judgement;
- must not have been in an executive capacity in the Company in the last three years;
- must not have been in an advisory capacity to the Company in the last three years;
- must not be a significant customer or supplier for the Company;
- must not be appointed through a special relationship with another board member;
- must not owe allegiance to a particular group of shareholders which gives rise to a potential conflict of interest;
- must not hold conflicting cross directorships; and
- must not be a substantial shareholder or a nominee of a substantial shareholder (as defined under section 9 of the Corporations Act).

The Board considers that on application of the above guidelines all non-executive directors are independent and the CEO/Managing Director is not independent.

Details of directors of the Company at the date of this report are as follows:

Non-Executive Directors	Date of Appointment <sup>(1)</sup>	AWE Board	Audit & Governance Committee	People Committee	Sustainability Committee	Nominations Committee
B. Phillips <sup>(2)</sup>	19 November 2009	Chairman	-	Member	-	Chairman
D. McEvoy	22 June 2006	Member	Member	-	Chairman	Member
K. Williams	26 August 2009	Member	Chairman	Member	-	Member
R. Betros	22 November 2012	Member	Member	Member	Member	Member
K. Penrose	28 August 2013	Member	Member	Chairman	Member	Member
<b>Executive Director</b>						
D. Biggs	3 May 2016	CEO/Managing Director	-	-	-	-

1. Average tenure = 6.0 years
2. Bruce Phillips was previously Managing Director of the Company up to 31 August 2007, remained as an employee until 31 December 2007 and was appointed a non-executive director on 19 November 2009 and non-executive Chairman on 18 November 2010. The Board considers Bruce Phillips is independent since it has been in excess of three years since Bruce Phillips held an executive role with the Company and that there has been significant change in the composition of the senior executive committee of the Company since that time. Note that Bruce Phillips is retiring as Chairman and non-executive director at the Company's 2017 Annual General Meeting.

At each scheduled board meeting a standing agenda item is for non-executive directors to meet without executive directors and management present.

### Director induction and ongoing professional development

The induction program for Non-Executive Directors aims to enable a new director to become as effective as possible in their new role as quickly as possible. Regardless of whether the director is a first-time director, or an experienced director, a director induction process provides a newly appointed director with information about the company, its operations, governance systems and all other details necessary to enable the director to perform their role.

The Chairman will ensure that all new directors receive a comprehensive, structured and tailored induction on joining the board and new directors must commit to participate fully in such a program.

The Company has developed a formal director induction process which includes:

### *Prior to appointment*

Incoming directors are required to conduct due diligence on the Company and are provided with access to relevant senior executives with tailored access to Company information being arranged if considered appropriate.

### *Post Appointment*

To ensure that new directors become familiar with the Company's operations as quickly and efficiently as possible on appointment the induction program includes briefings on the Company's operations and corporate governance processes with the CEO/Managing Director, Company Secretary, senior executives and other directors where appropriate.

Directors are encouraged to undertake continuing professional education, such as industry seminars and relevant education courses. Further, the Board also arranges regular updates on financial reporting developments and other industry developments at Board and committee meetings.

Also, directors are given access to regular news articles and publications where considered relevant and arrangements have been put in place for directors to have access to employees and are encouraged to attend board committee meetings even if they are not a member of that committee.

Note that the above post-appointment processes are offered as needed at any stage to help develop and maintain directors' skills and knowledge and are not just restricted to the timing of initial appointment.

## **ASX Principle 3 – Act ethically and responsibly**

### **Code of conduct**

The goal of establishing AWE as a significant Australian-based petroleum exploration and production company is underpinned by its core values of honesty, integrity, common sense and respect for people. AWE desires to remain a good corporate citizen and appropriately balance, protect and preserve all stakeholders' interests.

The Board has adopted a Code of Conduct for directors, employees and contractors of the Company. The Company's goal of achieving above average wealth creation for our shareholders should be enhanced by complying with this Code of Conduct, which provides principles with which directors, key executives and employees should be familiar and with which they are expected to adhere and advocate.

AWE is committed to:

- ensuring that its employees act ethically and professionally;
- conducting its business fairly, honourably and with integrity;
- carrying out our work professionally, competently and in a courteous manner;
- providing an equal opportunity workplace; and
- conducting business in compliance with the law in all jurisdictions where the Company operates.

A copy of this Code of Conduct can be found in the Corporate Governance section of the Company's website.

In meeting these objectives AWE has implemented a range of policies that provide clear guidance to AWE's directors, employees and contractors on the standards of behaviour that is expected at all times when dealing with internal and external stakeholders including suppliers, joint venture partners, governments officials and regulators. These policies include:

- Fraud and Anti-Corruption Policy;
- Whistleblower Policy; and
- Procurement Policy.

Further, AWE is committed to adhering to our Health Safety and Environment Policy by protecting the health and safety of all employees and ensuring that our activities have minimal impact on the environment and the greater community.

Further details on the Company's business ethics is provided in the Company's 2017 Annual Report.

### **Trading in company securities**

Directors and senior executives are encouraged to own Company shares. Within three years of 30 June 2016, or in the case of new board appointees within three years of their appointment, directors are required to hold a minimum level of shares in the Company equivalent to 50% of post-tax base annual director fees. Once this 50% level is achieved then the requirement is satisfied and does not need to be revisited in response to changes in the Company's share price.

Trading of AWE's shares is covered by, amongst other things, the Corporations Act and the ASX Listing Rules. The Board has established a Securities Trading Policy that establishes strict guidelines as to when a director, officer or an employee can deal in Company shares. The policy prohibits trading in the Company's securities during designated blackout periods, particularly around quarterly, six monthly and annual results announcements and whilst the director, officer or employee is in the possession of price-sensitive information.

Employees shall not engage in speculative trading and are prohibited from entering into any dealings in AWE securities where margin lending arrangements apply or from entering into hedge contracts which limit the economic risk of participation in the Company's Cash Share Rights Plan.

A copy of this policy can be found on the in the Corporate Governance section of the Company's website.

## **ASX Principle 4 - Safeguard integrity in corporate reporting**

The Board is committed to ensuring that the Company's corporate reports present a true and fair view of the Company's financial position that comply with relevant accounting standards and that processes are in place to independently verify and safeguard the integrity of financial reporting.

It is the responsibility of the Audit and Governance Committee to assist the Board in discharging its responsibilities for financial reporting and to ensure that appropriate internal controls are in place.

### **Audit and governance committee**

The role of the Audit and Governance Committee is documented in a formal charter approved by the Board and is reviewed as required but in any event at least every two years.

The Audit and Governance Committee's primary role is to assist the Board of Directors in discharging its responsibilities in respect of the financial affairs and related matters of the Company and to advise and make appropriate recommendations to the Board in respect of such financial responsibilities.

The objectives of the Audit and Governance Committee are to:

- assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company's:
  - reporting of financial information to users of financial reports;
  - application of accounting policies;
  - financial management;
  - internal control system;
  - corporate and governance risk management;
  - taxation risk management;
  - business policies and practices;
  - protection of the entity's assets; and
  - compliance with applicable laws, regulations, standards and best practice guidelines;
- improve the credibility and objectivity of the accountability process (including financial reporting), especially where the role of the Audit and Governance Committee and its membership by independent non-executive directors is disclosed to shareholders and the public;
- provide a forum for communication between the Board and senior financial management;
- improve the efficiency of the Board by delegating tasks to the Committee and thus allowing more time for issues to be discussed in sufficient depth;
- improve the effectiveness of the external audit functions and to be a forum for improving communication between the Board and the external auditor;
- satisfy itself as to the independence of the external auditor (each reporting period the external auditor provides an independence declaration in relation to the audit or review);
- improve the quality of internal and external reporting of financial information; and
- Ensuring that risks associated with transactions of a strategic or non-routine nature, such as group reorganisations and asset transfers, are properly evaluated prior to execution.

Under its charter, the Audit and Governance Committee must be comprised of at least three independent non-executive Board members appointed by the Board. Any director who is not a member of the Audit and Governance Committee may attend Audit and Governance Committee meetings but will have no voting powers at such meetings. Members will have the appropriate skills (including financial literacy) and time to fill their role on the Audit and Governance Committee. The majority of members will have significant experience with financial and business matters. The CEO/Managing Director should not be a member of the Audit and Governance Committee and the Chairman of the Board should not also be the Chairman of the Audit and Governance Committee.

A copy of this charter can be found in the Corporate Governance section of the Company's website.

At the discretion of the Audit and Governance Committee, the external auditor and the CEO/Managing Director and other executives are invited to attend meetings. At least twice per year, the Audit and Governance Committee meets with the external auditor without executives present. The Audit and Governance Committee comprises Ken Williams (Chairman), Dave McEvoy, Raymond Betros and Karen Penrose, all of whom are non-executive and considered to be independent. Meetings are to be scheduled prior to the commencement of each financial year and the charter stipulates that meetings are to be held at least three times a year. The number of Audit and Governance Committee meetings and number of meetings attended by each of the members of the Audit and Governance Committee during the financial year and information regarding the experience of committee members are set out in the Directors' Report.

### **Financial statements**

The CEO/Managing Director and the Chief Financial Officer have declared in writing to the Board that in respect of both the 30 June 2017 financial report and 31 December 2016 half-year financial report of the Company and its controlled entities that:

- the Company's financial records have been properly maintained;
- the financial statements comply with accounting standards ;
- the financial statements give a true and fair view;
- these statements are based on a sound system of risk management ; and
- the Company's risk management and internal controls are operating efficiently and effectively.

These representations are made prior to the board approval of the release of the financial reports and is made after enquiry of, and representation by, appropriate levels of management.

### **External auditor**

The Company's external auditor attends each Annual General meeting and is available to answer questions from shareholders relevant to the conduct of the external audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

### **Internal audit**

For details on the Company's internal audit processes please refer to section 7.

## **ASX Principle 5 - Make timely and balanced disclosure**

The Board is committed to the promotion of investor confidence in the Company by ensuring that trading in the Company's securities takes place in a fully informed market. The Company has in place policies and procedures that are designed to comply with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance. The Company's Disclosure Policy details processes for the identification of matters that may have a material effect on the price of the Company's securities, notifying such matters to the ASX immediately and posting these ASX releases on a timely basis on the Company's website (subject to certain exceptions under ASX Listing Rule 3.1)..

The Company has in place a formal Disclosure Policy which contains detailed processes for ensuring compliance with ASX disclosure requirements including:

- continuous disclosure and in particular processes for ensuring compliance under ASX Listing Rule 3.1; and
- periodic disclosure:
  - half-yearly and annual financial statements;
  - annual remuneration report and corporate governance statement;
  - annual reserves report;
  - annual report;
  - quarterly reports; and
  - drilling reports.
- disclosure under Chapter 5 of the ASX Listing Rules which deals with additional disclosure requirements for oil and gas production and exploration entities.

A copy of this policy can be found in the Corporate Governance section of the Company's website.

## **ASX Principle 6 - Respect the rights of security holders**

### **Company website and corporate governance**

The following information is included in the 'About AWE' section of the Company's website:

- company business overview;
- profiles of directors and senior executives;
- corporate directory; and
- corporate governance documents including key policies, board and committee charters and the Company constitution.

Investors should also refer to the Company's website for other information which includes but is not limited to:

- Company history;
- overview of key operational assets;
- investor information including annual reports, quarterly reports, ASX releases, investor presentations, annual meeting information, investor relations calendar, share price history, historic financial performance, capital structure;
- sustainability reporting;
- community and stakeholder relations; and
- health, safety and environmental management.

### **Investor Relations**

The Board aims to ensure that shareholders and investors have appropriate access to Company information.

The Company has a strategy to promote effective communication with shareholders through a policy of open disclosure to shareholders, regulatory authorities and the broader community of all material information with respect to the Company's affairs including, but not limited to:

- process for performance evaluation of the board, its committees, the CEO/Managing Director and senior executives;
- the link between remuneration paid to directors and key executives and corporate performance, as more fully disclosed in the annual Remuneration Report;
- shorter more comprehensible notices of meetings.

The Company will ensure that:

- all documents that are released to the ASX are made available as soon as possible on the Company's website; and
- all other information on the Company's website is updated at least on a regular basis.

The Company will also make timely announcements concerning:

- changes to directors;
- external directorships for senior executives, if applicable;
- changes to the CEO/Managing Director's contract or remuneration package;
- grant, expiry or vesting of cash share rights;
- share purchases or divestment by Directors;
- conflicts of interest & related party transactions; and
- significant changes to accounting policies.

In addition to communicating with shareholders, AWE also communicates with investors who may or may not be shareholders. These communication activities must not involve the disclosure of confidential or potentially market sensitive information.

Briefings with investors and analysts are held regularly and processes are in place to ensure that any price sensitive information included in such presentations is first made available to the market. The Company maintains a summary for internal use of issues discussed at briefings with investors and analysts, including a record of those present and the time and place of the meeting.

### **Participation at Meetings**

The following information is communicated to shareholders to encourage participation at meetings of shareholders:

- the Annual Report to those shareholders electing to receive a copy;
- for those shareholders not electing to be mailed a copy of the Annual Report can be viewed on the Company's website;
- notices of Meetings of shareholders, including the ability to lodge proxy votes electronically and to lodge written questions at the Annual General Meeting electronically; and
- company webcasts of key events such as profit results and Annual General Meetings;

## Shareholder communications

Shareholders have the option of electing to receive all Company and share registry communications electronically, and also to send communications via email or to the Company website. Further, all shareholders have the ability to request to be sent an electronic copy of ASX releases via email.

## ASX Principle 7 – Recognise and manage risk

### Sustainability committee

The Sustainability Committee's role is to assist the Board in meeting its oversight responsibilities in relation to the health, safety, sustainability, integrity and community relations aspects of the Company's operations.

The responsibilities of the Sustainability Committee are:

- Corporate responsibility:
  - Monitoring of compliance with and suggested changes to the Company's policies and procedures in respect of responsible and ethical business dealings.
- Occupational health and safety ("OHS")
  - review of the management of OHS risks and issues; and
  - Monitoring of the Company's OHS performance and compliance with the relevant OHS legislation.
- Sustainability
  - review of the management of environmental risks and issues;
  - monitoring of the Company's environmental reporting requirements and processes and compliance with relevant legislation; and
  - review and recommendation to the Board of sustainability disclosures in the Company's Annual Report and on the Company's web site
- Operational Risk
  - in accordance with the Company's Risk Policy, review of the management of the material operational risk factors associated with the Company's equity/participatory interests in oil and gas exploration, development and production projects and operations; and
  - in accordance with the Company's Risk Policy, overseeing the appropriateness of risk mitigation measures identified for these material operational risks.
- Climate Change
  - assessment of the economic impacts of climate change on the Company's projects, reserves and long-term sustainability;
  - in accordance with the Company's Risk Policy, review of the management of climate change risk and overseeing the appropriateness of climate change risk mitigation measures; and
  - review and recommendation to the Board of climate change disclosures in the Company's Annual Report and on the Company's web site.

These responsibilities are documented in a formal charter which is reviewed as required but in any event at least every two years. A copy of this charter can be found in the Corporate Governance section of the Company's website.

The Sustainability Committee will be comprised of not less than three non-executive directors, and where possible, the majority of members will have significant experience in oil and gas operations.

The members of the Sustainability Committee are Dave McEvoy (Chairman), Karen Penrose, and Raymond Betros. The number of Sustainability Committee meetings and the number of meetings attended by each of the members of the Sustainability Committee during the financial year and information regarding committee member experience and responsibilities are set out in the Directors' Report.

### Risk management

AWE recognises the need to proactively manage the risks and opportunities associated with both day-to-day operations of the organisation and its longer term strategic objectives. AWE seeks to achieve the following through its risk management framework:

- risks are well understood and managed proactively by those in the organisation best able to deal with them.
- staff are actively involved in risk management activities. Time is taken to discuss and explore risk issues with colleagues that may not otherwise be addressed as part of day-to-day management.
- risk reporting provides insight, accountability, and a trigger for escalation of significant risk issues.



- consistent use of language and risk scales across the organisation enables prioritisation and comparison of risks arising from different functional areas.
- the organisation constantly strives to achieve effective risk management best practice through adherence to risk management standards, while retaining an adaptive approach that evolves to meet the needs of the organisation.

While every person in the organisation has responsibility for managing risk effectively, there are specific responsibilities for providing oversight to ensure that risks are being managed appropriately as follows:

- the Board and delegated Board committees are responsible for oversight of risk management activities within AWE. On an annual basis the Board also undertakes a full review of the material business risks facing the organisation and the risk control framework.
- the Company's Senior Executive Committee is responsible for reviewing summarised risk registers and preparing consolidated risk reports of significant risk issues arising for inclusion in papers submitted to the Board and relevant Board Committees.
- managers are responsible for ensuring that each functional area they oversee has identified, assessed and are proactively managing risks appropriately. Each functional area must maintain a live risk register for documenting the results of this risk management process.

The Board has identified the following major sources of material business risks for the organisation:

Risk category	Overseen by	Type of impact
Strategic	AWE Board	Financial Reputational
Operational	Sustainability Committee	Health and Safety Environmental Financial Reputational
Corporate and Governance	Audit and Governance Committee	Financial Reputational
External	AWE Board	Financial Reputational

The organisation's approach to risk management aligns with the AS/NZS ISO 31000 Risk Management Principles and Guidelines. For more information on how the Company implements risk management, please refer to the Risk Policy which can be found on AWE's website.

The CEO/Managing Director and the Chief Financial Officer have declared in writing to the Company's financial statements are based on a sound system of risk management and that the Company's risk management and internal controls are operating efficiently and effectively.

#### Internal audit

The Company has implemented an internal audit plan, employing both internal and external resources, to provide assurance in relation to the effectiveness of internal controls, risk management procedures and governance. Internal audit plans are to be approved annually by the Audit and Governance Committee.

#### Sustainability and environment

The Board and management are committed to developing and building a sustainable business, ensuring that the Company is an active and responsible member of the communities in which we operate. Employees and contractors are encouraged to personally support and implement the sustainability initiatives being pursued by the Company and to contribute to identifying opportunities to further improve our performance.

The Company's commitment to sustainability is more fully detailed in the Company's June 2017 Annual Report.

#### Reserves reporting

The Company has formed a Reserves Committee reporting to the CEO/Managing Director with the role of monitoring:

- the integrity of the reporting of the Company's oil and gas reserves and resources ("reserves");
- compliance by the Company with legal and regulatory requirements with respect to reserves, especially in respect to

- ASX listing rules;
- the discharge of the Company's responsibilities with respect to annual and interim reviews of the
- company's reserves; and
- the Company's procedures with respect to the engagement of independent reserves evaluators.

## **ASX Principle 8 – Remunerate fairly and responsibly**

The Company is committed to adopting remuneration practices that:

- align the interests of employees and shareholders;
- attract and retain suitably qualified employees; and
- motivate employees to achieve superior performance.

The People Committee is responsible for making recommendations to the Board on remuneration policies and employment practices applicable to directors, senior executives and employees of AWE.

The roles and responsibilities of the People Committee are documented in a formal charter approved by the Board and is reviewed as required but in any event at least every two years. A copy of this charter can be found in the Corporate Governance section of the Company's website.

For details of the Company's policies and practices regarding the remuneration of directors and senior executives and remuneration paid to directors and senior executives please refer to the June 2017 Remuneration Report.

The People Committee comprises Karen Penrose (Chairman), Bruce Phillips, Ken Williams and Ray Betros all of whom are non-executive and are considered to be independent. The number of People Committee meetings and number of meetings attended by each of the members of the People Committee during the financial year and information regarding the experience of committee members are set out in the Directors' Report.

For details of the Company's Employee Cash Share Rights Plan please refer to the June 2017 Remuneration Report. Note that employees are prohibited from entering into hedge contracts which limit the economic risk of participation in this plan.

## ASX Corporate governance principle and recommendations

The table below identifies the Corporate Governance Principles and Recommendations (3rd Edition) and whether or not the Company has complied with the recommendations during the reporting period:

		Complied	Note
1.1	A listed entity should disclose: <ol style="list-style-type: none"> <li>a. the respective roles and responsibilities of its board and management; and</li> <li>b. those matters expressly reserved to the board and those delegated to management.</li> </ol>	✓	
1.2	A listed entity should: <ol style="list-style-type: none"> <li>a. undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</li> <li>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.</li> </ol>	✓	
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	✓	
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.	✓	
1.5	A listed entity should: <ol style="list-style-type: none"> <li>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</li> <li>b. to assess annually both the objectives and the entity's progress in achieving them;</li> <li>c. disclose that policy or a summary of it; and</li> <li>d. 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:               <ol style="list-style-type: none"> <li>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</li> <li>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.</li> </ol> </li> </ol>	✓	
1.6	A listed entity should: <ol style="list-style-type: none"> <li>a. have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ol>	✓	
1.7	A listed entity should: <ol style="list-style-type: none"> <li>a. have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ol>	✓	
2.1	The board of a listed entity should: <ol style="list-style-type: none"> <li>a. have a nomination committee which:               <ol 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:                   <ol 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> </ol> </li> </ol> </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> </ol>	✓	
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.	✓	
2.3	A listed entity should disclose: <ol style="list-style-type: none"> <li>a. the names of the directors considered by the board to be independent directors;</li> </ol>	✓	

	<ul style="list-style-type: none"> <li>b. if a director has an interest, position, association or relationship of the type described in Box 2.3 (which appears on page 16 of the ASXCGC Recommendations and is entitled "Factors relevant to assessing the independence of a director"), 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>		
2.4	A majority of the board of a listed entity should be independent directors.	✓	
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.	✓	
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.	✓	
3.1	A listed entity should: <ul style="list-style-type: none"> <li>a. have a code of conduct for its directors, senior executives and employees; and</li> <li>b. disclose that code or a summary of it.</li> </ul>	✓	
4.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>a. have an audit committee which: <ol 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: <ol 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> </ol> </li> </ol> </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>	✓	
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.	✓	
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.	✓	
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>	✓	
6.1	A listed entity should provide information about itself and its governance to investors via its website.	✓	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	✓	
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.	✓	
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.	✓	
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: <ol style="list-style-type: none"> <li>1. has at least three members, a majority of whom are independent directors; and</li> </ol> </li> </ul>	✓	

	<ol style="list-style-type: none"> <li>2. is chaired by an independent director, and disclose:</li> <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> </ol> <p>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.</p>		
7.2	<p>The board or a committee of the board should:</p> <ol 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> </ol>	✓	
7.3	<p>A listed entity should disclose:</p> <ol 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> </ol>	✓	
7.4	<p>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.</p>	✓	
8.1	<p>The board of a listed entity should:</p> <ol style="list-style-type: none"> <li>a. have a remuneration committee which: <ol 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:</li> <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> </ol> </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> </ol>	✓	
8.2	<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>	✓	
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <ol 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> </ol>	✓	