

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Introduced 01/07/14 Amended 02/11/15

**Name of entity**

Liontown Resources Limited

**ABN / ARBN**

118 153 825

**Financial year ended:**

30 June 2018

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

This URL on our website: <http://www.ltresources.com.au/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 19 September 2018 and has been approved by the board.

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

Date: 19 September 2018

Name of Director or Secretary authorising lodgement: Kym Verheyen

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<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 <u>OR</u> <input type="checkbox"/> at ... 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 checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/sites/default/files/C-1.2018BoardCharter.pdf">http://www.ltresources.com.au/sites/default/files/C-1.2018BoardCharter.pdf</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 <u>OR</u> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 <u>OR</u> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 <u>OR</u> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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>
1.5	<p>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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at</p> <p>...and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</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 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</p>	<p><input checked="" 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>
1.6	<p>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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a></p> <p>... and the information referred to in paragraph (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 checked="" 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>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a></p> <p>... and the information referred to in paragraph (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 checked="" 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>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<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 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 <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at</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 checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a></p>	<p><input checked="" 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>
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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a></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>

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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 <u>OR</u> <input type="checkbox"/> at ... and, where applicable, the information referred to in paragraph (b): <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at ... and the length of service of each director: <input type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/financial-reports">http://www.ltresources.com.au/financial-reports</a>	<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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input type="checkbox"/> at <i>[insert location]</i>	<input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 <u>OR</u> <input type="checkbox"/> at <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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<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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at [insert address]</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</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 <u>OR</u></p> <p><input type="checkbox"/> at [insert address]</p>	<p><input checked="" 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 <u>OR</u></p> <p><input type="checkbox"/> at</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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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 <u>OR</u> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a>	<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 <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</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 <u>OR</u> <input type="checkbox"/> at	<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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u> <input checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/sites/default/files/P-5_2018ShareholderCommunicationandInvestorRelationsPolicy.pdf">http://www.ltresources.com.au/sites/default/files/P-5_2018ShareholderCommunicationandInvestorRelationsPolicy.pdf</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <u>OR</u> <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 <u>OR</u> <input type="checkbox"/> at	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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<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 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 <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at</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 checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a></p>	<p><input checked="" 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a></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 <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>



## Key to Disclosures Corporate Governance Council Principles and Recommendations

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<p>7.3 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 type="checkbox"/> in our Corporate Governance Statement <u>OR</u></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 checked="" type="checkbox"/> in our Corporate Governance Statement <u>OR</u></p> <p><input type="checkbox"/> at</p>	<p><input checked="" type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</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 <u>OR</u></p> <p><input type="checkbox"/> at</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

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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 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 <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at</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 checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a></p>	<p><input checked="" 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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/financial-reports">http://www.ltresources.com.au/financial-reports</a></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>
8.3	<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 type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="http://www.ltresources.com.au/corporate-governance">http://www.ltresources.com.au/corporate-governance</a></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>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

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>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>		
<p>- <i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> 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> 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>

## Corporate Governance Statement

Liontown Resources Limited ACN 118 153 825 (Company)

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### Approach to Corporate Governance

Liontown Resources Limited ACN 118 153 825 (Company) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3<sup>rd</sup> edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at <http://lresources.com.au/corporate-responsibility>, under the section marked "Corporate Governance" and:

### Charters

- Board
- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Committee

### Policies and Procedures

- Process for Performance Evaluations
- Policy and Procedure for the Selection and (Re)Appointment of Directors
- Diversity Policy (summary)
- Code of Conduct (summary)
- Policy on Continuous Disclosure (summary)
- Compliance Procedures (summary)
- Shareholder Communication and Investor Relations Policy
- Risk Management Policy
- Securities Trading Policy
- Board Skills Matrix

The Company reports below on whether it has followed each of the recommendations during the 2018 financial year (**Reporting Period**). The information in this statement is current at 19 September 2018.

## **PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

### **Recommendation 1.1**

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and has documented this in its *Board Charter*.

The number of board meetings attended by each Board member during the year ended 30 June 2018, can be found in section 3 of the Directors' Report contained in the Company's 2018 Annual Financial Report.

### **Recommendation 1.2**

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The checks which are undertaken, and the information provided to shareholders are set out in the Company's *Policy and Procedure for the Selection and (Re)Appointment of Directors*.

### **Recommendation 1.3**

The Company has letters of appointments in the case of directors and non-executive directors and written agreements with senior executives setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Managing Director, any of its directors, and any other person or entity who is related party of the Managing Director or any of its directors has been disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

### **Recommendation 1.4**

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the Company's *Board Charter*.

### **Recommendation 1.5**

The Company has a Diversity Policy, which includes requirements that the Board may set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them.

Due to the current size of the Company, the Board has not set measurable objectives for achieving gender diversity. The Board does not consider that it is in a position to set out meaningful objectives for achieving gender diversity given the current composition and size of the Company.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation are set out in the following table. "Senior Executive" for these purposes means Key Management Personnel and officers of the Company.

	Proportion of women
Whole organisation	2 out of 12 (17%)
Senior executive positions	1 out of 3 (33%)
Board	0 out of 4 (0%)

At this stage, the Board has not established a policy relating to the identification and nomination of women directors due to the current size and composition of the Company, however consideration is given to the level of women representation on the Board when identifying candidates for the Board.

#### **Recommendation 1.6**

The Managing Director and Chairman is responsible for evaluating the performance of senior executives in accordance with the process disclosed in the Company's *Process for Performance Evaluations*. This is conducted by informal interviews, and via ongoing contact between the Managing Director, the Chairman and the senior executives.

As the Company grows, it will review the need for a formal evaluation process. However due to the size of the group, the Chairman takes an active role in assessing the performance of executives on an informal basis.

During the Reporting Period a performance evaluation of senior executives took place in accordance with the process disclosed above.

#### **Recommendation 1.7**

The Chair is responsible for evaluation of the Board and, when appropriate, Board committees and individual directors. The Chair is responsible for evaluating the Managing Director.

These evaluations are undertaken by each director completing a questionnaire which is then evaluated by the Chair. Any issues arising are addressed by the Chair with the Board.

Each director completed a performance evaluation questionnaire in July/August 2018. This questionnaire is then evaluated by the Chair. An evaluation of the Board takes place on an annual basis.

An informal evaluation of the Managing Director was carried out by the Chair.

### **PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE**

#### **Recommendation 2.1**

The Board has not established a separate Nomination Committee.

Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Although the Board has not established a separate Nomination Committee, it has adopted a *Nomination Committee Charter*, which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Nomination Committee.

When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Company's *Nomination Committee Charter*. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required.

The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

As noted above, the full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period, however nomination-related discussions occurred from time to time during the year as required.

The *Nomination Committee Charter* is disclosed on the Company's website.

### **Recommendation 2.2**

A profile of each director setting out their skills, experience, expertise and length of service is set out in section 1 of the Directors' Report contained in the Company's 2018 Annual Report.

The Board considers that its current composition is appropriate for the Company's current size and operations, and the following mix of skills and expertise which the directors possess is relevant to the Company's business; public company management experience; resource industry experience; financial qualifications; geological qualifications; and business development experience.

Refer to the 2018 Board Skills Matrix as disclosed on the Company's website for further details.

### **Recommendation 2.3**

The independent directors of the Company are Anthony Cipriano and Craig Williams. Messrs Cipriano and Williams are independent as they are non-executive directors who are not members of management and are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations, which is assessed annually.

The length of service and independence of each director is set out in section 1 of the Directors' Report in the Company's 2018 Annual Report.

### **Recommendation 2.4**

The Board does not have a majority of directors who are independent. Notwithstanding this, the Board considers that the current composition of the Board is adequate for the Company's current size and operations, and it includes an appropriate mix of skills and expertise relevant to the Company's business.

The Board continues to monitor its composition and if the Company's operations evolve, it will appoint further independent directors if considered appropriate.

The Board currently has two independent non-executive directors; Anthony Cipriano and Craig Williams.

### **Recommendation 2.5**

The non-independent Chair of the Board is Tim Goyder.

Tim Goyder is a substantial shareholder and therefore does not satisfy box 2.3 of the Principles and Recommendations. The Board believes that Tim Goyder is the most appropriate person for the position as Chair because of his seniority and industry expertise. However, the Board has appointed Anthony Cipriano to act as senior independent director when any conflicts of interest arise.

Both Anthony Cipriano and Craig Williams (Independent Directors) are of the opinion that Tim Goyder has and does exercise his role as a director and chairman independently.

### **Recommendation 2.6**

The Company has an induction program that it uses when new directors join the Board and when new senior executives are appointed. The goal of the program is to assist new directors to participate fully and actively in Board decision-making at the earliest opportunity and to assist senior executives to participate fully and actively in management decision-making at the earliest opportunity.

The Board regularly reviews informally and formally on an annual basis whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board and the Board committees effectively using a Board skills matrix. Where any gaps are identified, the Board considers what training or development should be undertaken to fill those gaps. In particular, the Board ensures that any director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements.

The Board's 2018 skills matrix can be found on the company's website.

## **PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY**

### **Recommendation 3.1**

The Company has established a Code of Conduct for its directors, senior executives and employees, and a summary of the policy is disclosed on the Company's website.

## **PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

### **Recommendation 4.1**

The Board has established an Audit Committee; however, the Audit Committee is not structured in compliance with Recommendation 4.1.

During the reporting period the Audit Committee comprised of Anthony Cipriano (Chair) and Craig Williams, who are both independent non-executive directors. Due to the size of the organisation, the audit committee consists of two members. The Board considers this structure is the best mix of skills and expertise to carry out the function of an Audit Committee available to the Company and appropriate for the Company's current needs and size.

The audit committee held three meetings during the Reporting Period. Details of director attendance at the Audit Committee meetings during the Reporting Period are set out in a table in the Directors' Report in section 3 of Directors' Report contained within the Company's 2018 Annual Financial Report.



Details of each of the director's qualifications are set out in section 1 to the Directors' Report. Anthony Cipriano (Chair) is a member of the Chartered Accountants Australia and New Zealand, and Craig Williams is financial literate and has an understanding of the industry in which the Company operates and has considerable 'on-board' experience.

The Board has adopted an *Audit Committee Charter* which describes the Audit Committee's role, composition, functions and responsibilities. The *Audit Committee Charter* is reviewed annually and is disclosed in full on the Company's website.

The Company has also established a Procedure for the Selection, Appointment and Rotation of its External Auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

#### **Recommendation 4.2**

Before the Board approved the Company financial statements for the half year ended 31 December 2017 and the full-year ended 30 June 2018 and each of the quarters ending 30 September 2017, 31 December 2017, 31 March 2018 and 30 June 2018, it received from the Managing Director and the Chief Financial Officer a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated 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.

#### **Recommendation 4.3**

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, or arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company writes to the Company's auditor to inform them of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair allows a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair also allows a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

A representative of the Company's auditor attended the Company's annual general meeting held on 28 November 2017.

### **Principle 5 – MAKE TIMELY AND BALANCED DISCLOSURES**

#### **Recommendation 5.1**

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. A summary of the Company's *Policy on Continuous Disclosure and Compliance Procedures* are disclosed on the Company's website.

## **PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS**

### **Recommendation 6.1**

The Company provides information about itself and its governance to investors via its website at [www.ltresources.com.au](http://www.ltresources.com.au) as set out in its *Shareholder Communication and Investor Relations Policy*.

### **Recommendation 6.2**

The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's *Shareholder Communication and Investor Relations Policy*.

### **Recommendation 6.3**

The Company has in place a Shareholder Communication and Investor Relations Policy which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

### **Recommendation 6.4**

Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically.

The Company's share register manager is Computershare Investor Services Pty Limited ("Computershare"). The option for shareholders to receive communications from the Company, and send communications electronically is provided by Computershare.

Shareholders and other investors are able to register on the Company's website to receive updates about the Company.

## **PRINCIPLE 7 – RECOGNISE AND MANAGE RISK**

### **Recommendation 7.1**

The Board has not established a separate Risk Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Risk Committee. Accordingly, the Board performs the role of Risk Committee. Although the Board has not established a separate Risk Committee, it has adopted a *Risk Committee Charter*, which describes the Risk Committee's role, composition, functions and responsibilities.

When the Board convenes as the Risk Committee it carries out those functions which are delegated to it in the Company's Risk Committee Charter. Items that are usually required to be discussed by a Risk Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Risk Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

As noted above, the full Board carries out the role of the Risk Committee. The full Board held 1 meeting during the reporting period in its capacity as the Risk Committee.

### **Recommendation 7.2**

The Board reviews the Company's risk management framework bi-annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board. In addition, any changes to material business risks are discussed at each Board meeting. The Board carried out these reviews during the Reporting Period.

### **Recommendation 7.3**

Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's *Risk Management Policy*.

### **Recommendation 7.4**

The Company has material exposure to economic, environmental and/or social sustainability risks which are discussed in the Directors' Report and financial statements. In addition the Board is regularly briefed and involved in discussions in relation to material exposure to economic, environmental, and social sustainability risks facing the Company.

## **PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

### **Recommendation 8.1**

The Board has not established a separate Remuneration Committee. Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. Accordingly, the Board performs the role of Remuneration Committee. Although the Board has not established a separate Remuneration Committee, it has adopted a *Remuneration Committee Charter*, which describes the role, composition, functions and responsibilities of the full Board in its capacity as the Remuneration Committee.

When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's *Remuneration Committee Charter*. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

As noted above, the full Board carries out the role of the Remuneration Committee. The full Board did not officially convene as a Remuneration Committee during the Reporting Period, however remuneration related discussions occurred from time to time during the year as required.

### **Recommendation 8.2**

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences at section 15 of Directors' Report within the Company's 2018 Annual Report.

The Company's policy on remuneration clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives. Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive

directors is not linked to individual performance, however, non-executive directors, at the discretion of the Board may participate in the Company's Employee Share Option Plan (subject to shareholder approval). Pay and rewards for executive directors and senior executives consists of a base salary and may comprise performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. There are no termination or retirement benefits for non-executive directors (other than for superannuation).

Due to the current size of the Company, the Board has not adopted a policy regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

### **Recommendation 8.3**

The Company's *Securities Trading Policy* includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

The Company's *Remuneration Committee Charter* for directors and employees is available on the Corporate Governance page of the Company's website.