

# Corporate Governance

In March 2003, the ASX Corporate Governance Council released a document entitled Principles of Good Corporate Governance and Best Practice recommendations. Since that time, New World Alloys Ltd (“the Company”) has ensured adoption of those recommendations where possible. The table below summarises those recommendations and New World Alloys Ltd current practice, including explanations in the instances where the Company does not comply.

<b>Recommendation</b>	<b>New World Alloys current practice</b>
1.1 Formalise and disclose functions reserved to the Board and those delegated to management.	Satisfied. Board charter available at <a href="http://www.newworldalloys.com">www.newworldalloys.com</a>
2.1 A majority of the Board should be independent directors.	Not satisfied. There are currently two independent directors and two non-independent.
2.2 The chairperson should be an independent director.	Satisfied. The chairperson is an independent non-executive director.
2.3 Roles of chairperson and CEO should not be exercised by same person.	Satisfied. The chairperson of the Board is a non-executive director.
2.4 The Board should establish a nomination committee.	The Board has considered this recommendation and consider that given the current size of the Board this function is efficiently achieved with full Board support. Accordingly, the Board has resolved not to establish a nomination committee at this stage.
2.5 Report in Annual Report on: <ul style="list-style-type: none"><li>• skills, experience and expertise relevant to the position of director held by each director.</li><li>• names of the independent directors and materiality thresholds.</li><li>• whether there is a procedure agreed by the Board for directors to take independent advice at the expense of the Company.</li><li>• term of office held by each existing director.</li><li>• names of members of nomination committee and attendance</li></ul>	<p>Satisfied. See Directors’ Report within the Annual Report.</p> <p>Satisfied. See Directors’ Report within the Annual Report.</p> <p>Each director has a right to seek independent professional advice at the Company’s expense. However, prior approval of the chairman is required, which is not unreasonably withheld.</p> <p>Satisfied. See Directors’ Report within the Annual Report.</p> <p>No nomination committee has been established – see 2.4 above.</p>
3.1 Establish a code of conduct	Satisfied. Code of conduct available at <a href="http://www.newworldalloys.com">www.newworldalloys.com</a>
3.2 Disclose policy concerning trading in company’s securities by directors, officers and employees involved in material transactions or privy to material information.	Satisfied. Trading in securities policy available at <a href="http://www.newworldalloys.com">www.newworldalloys.com</a>
3.3 Report and disclose 3.1 and 3.2.	Satisfied. Available at <a href="http://www.newworldalloys.com">www.newworldalloys.com</a>

## Corporate Governance (continued)

### Recommendation

### New World Alloys current practice

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| 4.1 | Require CEO and CFO to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with relevant accounting standards. | Satisfied.   |
| 4.2 | The Board should establish an audit committee.  | Satisfied. Audit and Risk Committee charter available at <a href="http://www.newworldalloys.com">www.newworldalloys.com</a>        |
| 4.3 | Structure the audit committee so that it consists of only non-executive directors, a majority of independent directors, the chairperson is independent and not the chair of the Board, and it has at least three members.   | Satisfied, but only two, given the present size of the Board.  |
| 4.4 | The Audit Committee should have a formal charter.   | Refer to 4.2.  |
| 4.5 | Report on the above including names of members and qualifications, numbers and meetings and attendees in the annual report.   | Satisfied. See Directors' Report within the Annual Report.   |
| 5.1 | Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior management level for that compliance.  | Satisfied. See 5.2.  |
| 5.2 | Post 5.1 on website   | Satisfied. Continuous Disclosure Policy available at <a href="http://www.newworldalloys.com">www.newworldalloys.com</a>            |
| 6.1 | Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.   | Satisfied. Communications with shareholders policy available at <a href="http://www.newworldalloys.com">www.newworldalloys.com</a> |
| 6.2 | Request the external auditor to attend the annual general meeting and be available to answer questions about the conduct of the audit and the content and preparation of the auditor's report.  | Satisfied.   |
| 7.1 | The Board or appropriate Board Committee should establish policies on risk oversight and management.  | Satisfied. Board charter available at <a href="http://www.newworldalloys.com">www.newworldalloys.com</a>                           |
| 7.2 | The chief executive officer and chief financial officer should provide a statement to the Board in writing relating to financial integrity and risk management.   | Satisfied.   |
| 7.3 | Report and disclose 7.1 and 7.2.  | Satisfied.   |
| 8.1 | Disclose the policy for performance evaluation of the Board, the committees and individual directors and key executives   | Satisfied. See 9.2 below.  |

## Corporate Governance (continued)

### Recommendation

9.1 Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.

9.2 The Board should establish a remuneration committee.

9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives'.

9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

9.5 Report on the above matters.

10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate shareholders.

### New World Alloys current practice

Satisfied. See 9.2 below.

The Board considered this recommendation and formed the view that given the number of directors on the Board, this function could be performed just as efficiently with full Board participation. Accordingly, it was resolved that there would be no separate Board sub-committee for remuneration purposes.

The Board reviews remuneration packages and policies applicable to the CEO and senior executives on an annual basis. Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. Where necessary the Board obtains independent advice on the appropriateness of remuneration packages.

Remuneration of Non-Executive Directors is determined by the Board, with the maximum amount approved by the shareholders from time to time.

Satisfied.

Satisfied.

Satisfied. Code of conduct available at [www.newworldalloys.com](http://www.newworldalloys.com)