

## Appendix 4G

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

Name of entity:

Adelaide Brighton Ltd

ABN / ARBN:

15 007 596 018

Financial year ended:

31 December 2015

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

This URL on our website: [www.adbri.com.au/ourresponsibilities#governance](http://www.adbri.com.au/ourresponsibilities#governance)

The Corporate Governance Statement is accurate and up to date as at 31 December 2015 and has been approved by the board.

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

Date: 21 April 2016

Name of Director or Secretary authorising  
lodgement: Marcus Clayton  
Company Secretary

<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 at section 1.1 ... 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 section 1.1 of our 2015 Corporate Governance Statement and in our Board Charter which is available from the 'Governance' section of our website at <a href="http://www.adbri.com.au">www.adbri.com.au</a>	
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 at section 1.2.4	
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 at sections 1.2 and 4.3	
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 at section 1.2	

<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 at section 1.2.6</p> <p>... and a copy of our diversity policy (Diversity and Inclusion Policy) or a summary of it:</p> <p><input checked="" type="checkbox"/> at the 'Governance' section of our website at <a href="http://www.adbri.com.au">www.adbri.com.au</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"/> at pages 30 and 32 of our 2015 Annual Report</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> at the Workplace Gender Equality Agency's website at <a href="https://www.wgea.gov.au/sites/default/files/public_reports/temp_PublicReport_taf4jsptnp.pdf">https://www.wgea.gov.au/sites/default/files/public_reports/temp_PublicReport_taf4jsptnp.pdf</a></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 at section 1.2.3</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement at section 1.2.3</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 at section 1.2.3</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement at section 1.2.3</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>... 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 at sections 2.1 and 1.2.1</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at the 'Governance' section of our website at <a href="http://www.adbri.com.au">www.adbri.com.au</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement at section 2.1 and at page 40 of our 2015 Annual Report</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 at section 1.2.5</p>	
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement at section 1.2.1 and at pages 28 and 29 of the 2015 Annual Report</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> at pages 28 and 29 of our 2015 Annual Report</p>	
2.4	<p>A majority of the board of a listed entity should be independent directors.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement at section 1.2.1</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>
2.5	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 at section 1.2	
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 at section 1.2 and in particular 1.2.4	
<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 at section 4.1, at page 25 of our 2015 Annual Report and at the 'Governance' section of our website at <a href="http://www.adbri.com.au">www.adbri.com.au</a>	

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>... 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 at sections 2.1 and 1.2.1</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at the 'Governance' section of our website at <a href="http://www.adbri.com.au">www.adbri.com.au</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement at section 2.1 and at page 40 of our 2015 Annual Report</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 at section 3.1</p>	
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement at section 5.2</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 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.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> in our Corporate Governance Statement at section 5.1 and at the 'Governance' section of our website at <a href="http://www.adbri.com.au">www.adbri.com.au</a>	
<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.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at the 'About Us' and 'Governance' sections of our website at <a href="http://www.adbri.com.au">www.adbri.com.au</a>	
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement at section 5.2	
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.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> in our Corporate Governance Statement at section 5.2	
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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement at section 5.2	

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>... 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 at sections 2.1 and 1.2.1</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at the 'Governance' section of our website at <a href="http://www.adbri.com.au">www.adbri.com.au</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement at section 2.1 and at page 40 of our 2015 Annual Report</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 at section 3.1</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 at section 3.1</p>	
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>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement at section 3.1</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>
7.4	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>... 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"/> at pages 3 and 21 of our 2015 Annual Report</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>... 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 at sections 2.1 and 1.2.1</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at the 'Governance' section of our website at <a href="http://www.adbri.com.au">www.adbri.com.au</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement at section 2.1 and at page 40 of our 2015 Annual Report</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 at section 4.3 and in the 2015 Remuneration Report contained at pages 41 to 57 of our 2015 Annual Report</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 checked="" type="checkbox"/> at the 'Governance' section of our website at <a href="http://www.adbri.com.au">www.adbri.com.au</a></p>	



**ADELAIDE BRIGHTON LIMITED**  
ACN 007 596 018

**CORPORATE GOVERNANCE STATEMENT**

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**Corporate Governance Statement**

The Board is committed to conducting the Company's business ethically and in accordance with high standards of corporate governance. To this end, the Board (together with the Company's management) regularly reviews the Company's policies, practices and other arrangements governing and guiding the conduct of the Company and those acting on its behalf.

This Corporate Governance Statement provides an outline of the main corporate governance practices that the Company had in place during the past financial year.

The Board believes that the Company's policies and practices are consistent in all substantial respects with good corporate governance practice in Australia appropriate for the circumstances of the Company, including the ASX Corporate Governance Council Principles and Recommendations (3rd edition) (ASX Principles). Throughout the 2015 financial year, the Company has followed all of the recommendations contained in the ASX Principles.

This Corporate Governance Statement is current as at 31 December 2015 and has been approved by the Board of Directors.

**1 The Board lays solid foundations for management and oversight**

**1.1 Role of the Board**

The role of the Board of Directors is to protect and optimise the performance of the Company and its subsidiaries (Group) and, accordingly, the Board takes accountability for reviewing and approving strategic direction, establishing policy, overseeing the financial position and monitoring the business and affairs of the Group on behalf of shareholders.

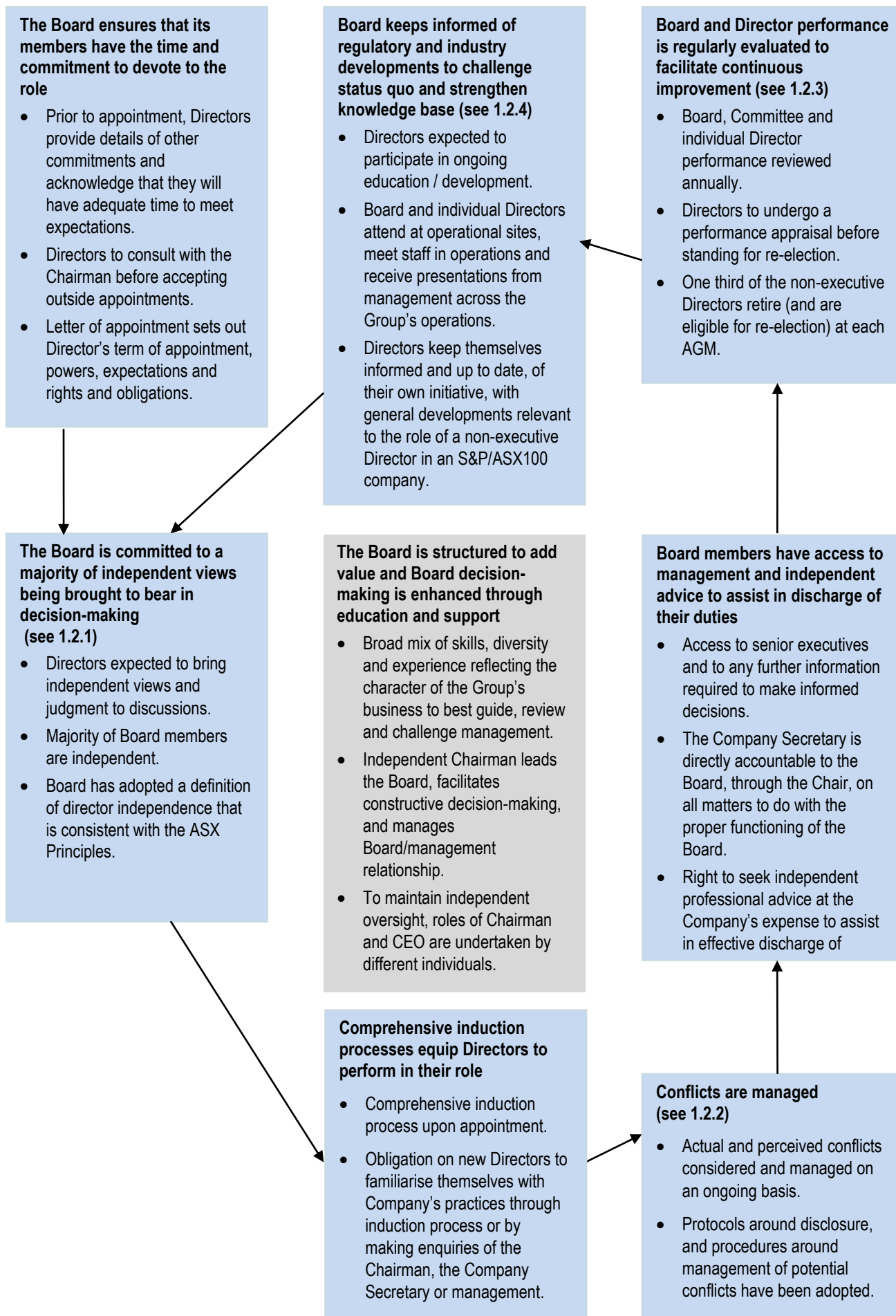
The Board operates in accordance with the general principles set out in its charter which is available from the governance section of the Company's website at [www.adbri.com.au](http://www.adbri.com.au).

In accordance with the provisions of the Company's constitution, the Board has delegated a number of powers to Board committees (see section 2), and responsibility for the day-to-day management of the Company's business affairs and development and implementation of the Company's strategy to the Managing Director and Chief Executive Officer (CEO). The Board and CEO are supported by senior management who report to the CEO. The respective roles and responsibilities of the Board and management are outlined further in the Board charter.

The Board has also reserved for itself the following specific responsibilities:

<b>Strategy and monitoring</b>	<b>Monitoring the business and affairs / relations with management</b>	<b>Risk management, compliance and internal controls</b>
<ul style="list-style-type: none"><li>• Input into and approval of management's development of corporate strategy, including setting performance objectives and approving operating budgets.</li><li>• Monitoring and reviewing corporate performance and implementation of strategy and policy.</li></ul>	<ul style="list-style-type: none"><li>• Selecting, appointing and evaluating from time to time the performance of, determining the remuneration of, and planning for the successor of, the CEO.</li><li>• Reviewing procedures for appointment of senior management, monitoring performance and reviewing executive development activities. This includes ratifying the appointment and the removal of the Chief Financial Officer, the Company Secretary and all the Company's senior executives who report to the CEO.</li><li>• Approval of the Company's capital structure and gearing targets.</li><li>• Approval of specified matters exceeding delegated authority levels, including major capital expenditure and major acquisitions and divestitures.</li></ul>	<ul style="list-style-type: none"><li>• Reviewing, guiding and monitoring systems of risk management and internal control and ethical and legal compliance.</li><li>• Monitoring and reviewing processes aimed at ensuring integrity of financial and other reporting, and providing assurance to approve the Group's financial reports.</li><li>• Monitoring and reviewing policies and processes in place relating to occupational health and safety, compliance with laws, and the maintenance of high ethical standards.</li><li>• Input into and approval of the Company's policy in relation to, and monitoring implementation of, sustainable resource use and the impact of the Company's operations on the environment, community and stakeholders.</li></ul>

## 1.2 The Board is structured to add value



### **1.2.1 Directors' independence**

The Board reviews, at least annually, the independence of Directors. In general, Directors are considered independent where they are free of any interest, position, association or relationship which might influence, or could reasonably be perceived to influence, in a material respect the Director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. An assessment will be made on a case-by-case basis of whether the Director's ability to act in the best interests of the Company has been materially impaired.

In ensuring that the Board comprises Directors with a broad range of skills and experience reflecting the character of the Group's business, the Board may from time to time appoint Directors who are not considered to be independent. It is, however, the Board's policy that it should comprise a majority of independent Directors to ensure that independent oversight is maintained.

Having regard to the guidelines of independence adopted by the Board, the Directors are of the view that only one of the five non-executive directors, Mr R D Barro, is not considered "independent", by virtue of his position as the Managing Director and a shareholder of Barro Group Pty Ltd (which has a 50% interest in the joint venture, Independent Cement & Lime Pty Ltd (ICL), and is a substantial shareholder in the Company). ICL has an ongoing trading relationship with the Barro Group of companies.

The Board has also considered the length of service of each Director on the Board and concluded that no Director has been a Director of the Company for such a period that their independence may be compromised. Details of each Director's period of office is set out on page 28 and 29 of the Company's 2015 Annual Report.

### **1.2.2 Conflicts of interest**

Determinations regarding independence do not change any Director's obligations in managing any conflict of interest. Directors have a continuing obligation to avoid any action, position or interest which conflicts (or may be perceived to conflict) with their position as a Director of the Company. In particular, the Board is cognisant of Mr Barro's interest in Barro Group Pty Ltd.

During the year, in order to avoid actual and/or perceived conflicts of interest in Board decision-making, Board procedures were followed such that where the possibility of a material conflict arose, the Board considered the nature and extent of the potential conflict and whether it would be appropriate for the relevant Director to participate in Board discussion and decision-making in relation to the issue. Where there was a real potential for a conflict of interest, information was not provided to the Director, and, in accordance with the *Corporations Act 2001*, the Director did not participate in, or vote at, the meeting where the matter was considered.

### **1.2.3 Performance evaluation**

The Board reviews its performance annually, as well as the performance of individual Committees and individual Directors (including the performance of the Chairman as Chairman of the Board).

For the 2015 financial year, a performance evaluation was led internally by the Chairman to assess the performance of individual Directors, the Board as a whole, various aspects of the Board committees such as their performance, membership, roles and charters, and the Board's and Directors' interaction with management.

The Chairman reports to the Board concerning the performance evaluation process and the findings of these reviews. As a result of recommendations arising from the internal Board review, initiatives are introduced to ensure the continued effectiveness of the Board's performance and to enable its sustained focus on key issues for the Company. The implementation of these initiatives is overseen by the Chairman.

Executives and managers are also subject to an annual performance review in which performance is measured against agreed business objectives. The performance of the CEO is assessed by the Board against objectives related to the Company's strategy, business plans and the financial and other performance of the business.

For the 2015 financial year, the performance of the CEO and the CEO's achievement of the agreed objectives was reviewed by the Chairman, the Nomination, Remuneration and Governance Committee and the Board. The performance of the Company's senior executives during 2015 was reviewed by the CEO, the Nomination, Remuneration and Governance Committee and the Board.

### **1.2.4 Director induction, training and ongoing education**

The Company conducts appropriate background checks before appointing a Director. This includes checks of the person's character, experience, education, criminal record and bankruptcy history.

Prior to Directors seeking election or re-election at the Company's Annual General Meeting, shareholders are provided with all material information in the Company's possession relevant to a decision whether or not to elect or re-elect that person.

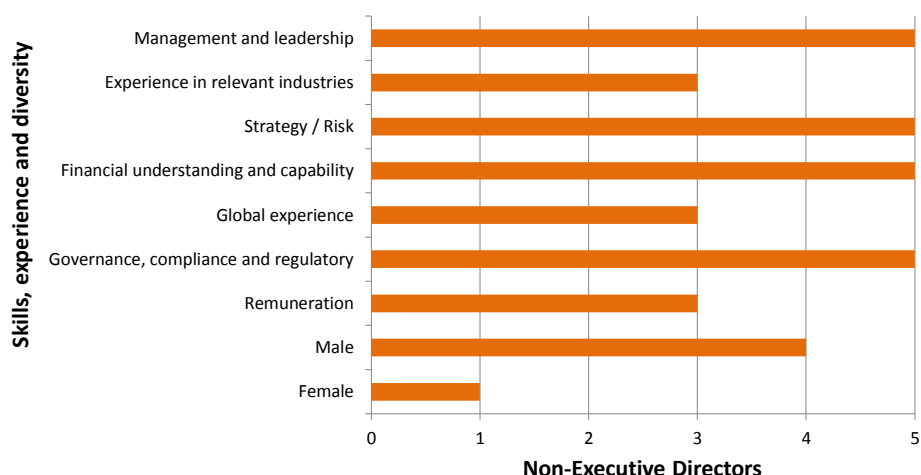
All newly appointed Directors are provided with an induction, which includes information relevant to their new role, attendances at key sites and introductions to key staff, which is provided or coordinated by the CEO, the Chief Financial Officer and the Company Secretary. This induction includes briefings on the Company's business, strategy, financial, operational and risk management matters and factors relevant to the sectors and environments in which the Company operates.

Ongoing Director education is provided throughout the year. The Board and its Committees are provided with updates and information from both management and external experts on various topics relevant to the Company's circumstances. The Board and individual Directors attend at operational sites, meet staff in operations and receive presentations from management across the Group's operations. The Board is informed by expertise from within the Company on matters such as energy supply arrangements and business and product development.

### 1.2.5 Board and CEO succession planning

The Board regularly reviews the size and composition of the Board to ensure the appropriate skills, perspective and expertise are represented.

During 2015, the Board led by the Chairman and the Chairman of the Nomination, Remuneration and Governance Committee, reviewed the Board's composition, and utilised a Board skills matrix in doing this. The skills matrix set out below demonstrates the skills, experience and diversity of the non-executive Directors in office as at the date of this Statement. The Board is satisfied that its present composition is appropriate for the circumstances of the Company. It recognises that consideration of Board renewal is an ongoing process, and accordingly the Board's composition will continue to be monitored and reviewed during 2016.



The Board's long term management succession plan for the CEO was implemented during 2014, leading to Martin Brydon assuming the Chief Executive Officer role in May 2014. Mr Brydon was appointed Managing Director during the 2015 financial year, with effect from 24 November 2015.

The Nomination, Remuneration and Governance Committee and the Board also reviewed the succession plans for the senior management team during the year, to ensure that appropriate plans have been implemented for the mid to long term.

### 1.2.6 Diversity

The Board, having adopted a Diversity Policy for the Group in 2011, established measurable diversity objectives (which are reviewed and assessed annually) to enhance gender and other diversity across the organisation. Further information about the Group's diversity objectives and progress achieved (in accordance with the ASX Principles) is set out on pages 30 to 32 of the Company's 2015 Annual Report. The Group's most recent "Gender Equality Indicators" can be found on the Workplace Gender Equality Agency's website at [https://www.wgea.gov.au/sites/default/files/public\\_reports/tempPublicReport\\_taf4jsptnp.pdf](https://www.wgea.gov.au/sites/default/files/public_reports/tempPublicReport_taf4jsptnp.pdf). The Group's overarching Diversity and Inclusion Policy was reviewed during 2015 and is available on the Company's website at <http://adbri.com.au/ourresponsibilities#governance-exp>.

## **2 Composition and responsibilities of Board Committees**

To assist the Board in fulfilling its responsibilities, the Board has established a number of committees with responsibility for particular areas:

- Audit, Risk and Compliance Committee;
- Nomination, Remuneration and Governance Committee;
- Safety, Health and Environment Committee; and
- Independent Directors' Committee.

Each committee has a specific charter or constitution. The charters for the Audit, Risk and Compliance Committee and the Nomination, Remuneration and Governance Committee are available on the governance section of the Company's website at [www.adbri.com.au](http://www.adbri.com.au). The Board periodically reviews each Board committee's charter, role and responsibilities.

Details on the number of meetings held by the Board and its Committees during 2015, and attendance by Board members, can be found on page 40 of the Company's 2015 Annual Report. Information on the relevant skills, experience and expertise of each Director can also be found on page 28 and 29 of the Annual Report.

### **2.1 Key standing committees – Audit, Risk and Compliance and Nomination, Remuneration and Governance**

The composition and responsibilities of the Audit, Risk and Compliance and Nomination, Remuneration and Governance Committees are set out in the following table:

	<b>Audit, Risk and Compliance Committee</b>	<b>Nomination, Remuneration and Governance Committee</b>
Roles and responsibilities	<p>The Audit, Risk and Compliance Committee:</p> <ul style="list-style-type: none"> <li>• assists the Board in relation to the reporting of financial information, the appropriate application and amendment of accounting policies, the appointment, independence and remuneration of the external auditor, and performance of the internal audit function (including independence, effectiveness and appropriate coordination with external auditors).</li> <li>• provides a forum for communication between the Board, management and both the internal and external auditors.</li> <li>• reviews and reports to the Board on the effectiveness of the Company's ongoing risk management program and policies and procedures.</li> <li>• reviews and reports to the Board regarding the appropriateness of the Company's compliance procedures.</li> <li>• provides a conduit to the Board for external advice on audit, risk management and compliance matters.</li> </ul>	<p>The Nomination, Remuneration and Governance Committee:</p> <ul style="list-style-type: none"> <li>• assists and advises the Board on matters relating to the appointment, remuneration and processes for review of the performance of the non-executive Directors, the CEO and other senior executives, and best practice corporate governance appropriate to the circumstances of the Company.</li> <li>• oversees the implementation of the Company's short term and long term incentive arrangements, including reviewing performance targets for senior executives, reviewing recommendations from the CEO on senior executives' participation in short and long term incentive schemes, making relevant awards and assessing the extent to which performance conditions are satisfied.</li> <li>• reviews management and Board succession planning and assesses the appropriate mix of skills, experience, expertise and diversity required on the Board.</li> <li>• oversees the implementation of diversity measures to facilitate the achievement of the Company's diversity objectives.</li> </ul>
Composition	<p>Composition requirements include:</p> <ul style="list-style-type: none"> <li>• there must be a minimum of three independent non-executive Directors on the Committee.</li> <li>• the Chair must be an independent non-executive Director who is not Chairman of the Board.</li> <li>• Committee members shall, between them, have sufficient accounting and financial knowledge to allow them to discharge their duties and actively challenge information presented by management, internal and external auditors.</li> </ul>	<p>Composition requirements include:</p> <ul style="list-style-type: none"> <li>• there must be a minimum of three independent non-executive Directors on the Committee.</li> <li>• each Committee member is expected to be familiar with the legal and regulatory disclosure requirements in relation to remuneration and have adequate knowledge of executive remuneration issues, including executive retention and termination policies, and short term and long term incentive arrangements.</li> </ul>
Membership as at 31 December 2015	<p>GF Pettigrew (Chairman)  LV Hosking  AM Tansey</p>	<p>AM Tansey (Chairman)  LV Hosking  GF Pettigrew  KB Scott-Mackenzie</p>



	<b>Audit, Risk and Compliance Committee</b>	<b>Nomination, Remuneration and Governance Committee</b>
Consultation	<p>Members of management may attend meetings of the Committee at the invitation of the Committee Chairman. It is practice of the Committee that the CEO, the Chief Financial Officer and the Company Secretary attend all Committee meetings. The Group Risk Manager generally attends meetings of the Committee when non-financial risk management matters are considered.</p> <p>In fulfilling its responsibilities, the Committee has rights of access to management and to internal and external auditors in the absence of management and may seek explanations and additional information.</p> <p>It is the practice of the Committee to meet with the Company's external auditors, without any member of management present. The Company's external auditors are in attendance throughout meetings of the Committee.</p>	<p>It is practice of the Committee, on occasions when relevant, to invite other Directors to attend Committee meetings. Additionally, Committee meetings may be held concurrently with Board meetings.</p> <p>Members of management, particularly the CEO, the Executive General Manager HR, the Chief Financial Officer or the Company Secretary, may also attend meetings of the Committee at the invitation of the Committee Chairman, whenever particular matters arise that require management participation, such as reviewing senior executive performance, succession planning or the CEO's recommendations to the Committee.</p> <p>The Committee obtains external advice from independent remuneration consultants in determining the Company's remuneration practices and executive service agreements where considered appropriate.</p>

## 2.2 Other Board committees

### 2.2.1 Safety Health and Environment Committee

The members of the Safety, Health and Environment Committee (SH&E Committee) during 2015 were K B Scott-Mackenzie (Chairman), G F Pettigrew, and R D Barro.

The Committee has a broad role in reviewing general and specific occupational health and safety and environmental matters across the Group. Committee meetings are also attended by the CEO and the Company's General Manager-HSE, Chief Financial Officer and its General Counsel. The Committee Charter was reviewed during 2015.

### 2.2.3 Independent Directors' Committee

The role of the Independent Directors' Committee is to investigate and consider corporate proposals made to the Company. The Committee comprises Directors who do not have any conflict of interest concerning the matters considered by the Committee. The members of the Committee during 2015 were L V Hosking (Chairman), G F Pettigrew, K B Scott-Mackenzie and A M Tansey (appointed 14 April 2015).

### 3 The Board recognises and manages risk and safeguards the integrity of financial reporting

#### 3.1 Framework – The Board has approved the following framework within which the Company discharges its risk management function:

**Leading culture of compliance and ensuring that risk management practices are appropriate and effective in the context of the Company's business objectives.**

**Oversight:** The Board, through the Audit, Risk and Compliance Committee, is responsible for reviewing and guiding the Company's risk management policies and compliance and control systems. These policies and systems provide for management to identify and manage both financial and non-financial risks to the Company's businesses. The Board, through the Committee, regularly reviews the effectiveness of the Company's risk management system and management of identified business risks.

**Purpose:** The Company's risk management framework is designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

#### Internal controls framework

- A robust control environment is fundamental to the effectiveness of the Company's risk management framework. Delegations of authority and Board and management accountability is clearly demarcated.
- All Directors, executives and employees are required to adhere to the Code of Conduct (described below) and the Board actively promotes a culture of quality and integrity.
- Accounting, financial reporting and internal control policies and procedures designed to manage business risks (both financial and non-financial) have been established at the Board and executive management levels. These are designed to safeguard the assets and interest of the Company, and ensure the integrity of financial reporting. The Board nonetheless acknowledges that it has ultimate responsibility for the accuracy and approval of the Group's financial reports. The Board acknowledges that it is also responsible for the overall internal control framework, and to assist in discharging this responsibility, the Board has instigated an internal control framework that can be described as follows:

**Financial risk:** Before the Board approved the Company's half year and full year financial statements, it received a declaration from the CEO and Chief Financial Officer that, in their opinion:

- the financial records of the entity have been properly maintained; and
- the financial statements comply with the accounting standards in all material respects and give a true and fair view in all material respects of the financial position and performance of the entity, and that this opinion was formed on the basis of a sound system of risk management and internal control which in all material respects implements the policies adopted by the Board and which, for financial reporting, is operating effectively in all material respects.

**Non-financial risk:** Management regularly reports to the Board, including through reports to the Audit, Risk and Compliance Committee, on strategic and operational issues, including an assessment of the material business risks facing the Company and the effectiveness of the system and policies in place to manage those risks.

#### Financial reporting

- Comprehensive budgeting system with an annual budget reviewed and approved by the Board.
- Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly.
- Procedures to ensure that price sensitive information is reported to the ASX in a timely manner (see section 5 below).

#### Operating unit controls

- Financial controls and procedures including information systems controls are in operation throughout the consolidated entity.
- Operating units confirm compliance with these procedures to the Board annually.

#### Functional specialty reporting

- The Group has identified a number of key areas which are subject to regular reporting to the Board, such as safety and environment, risk management, taxation, finance and administration.

#### Investment appraisal

- Clearly defined guidelines for capital expenditure eg annual budgets, detailed appraisal and review procedures, and levels of delegated authority where businesses are being acquired or divested.

#### Internal audit

- Assists the Board in ensuring compliance with internal controls.
- The Audit, Risk and Compliance Committee reviews and approves the selection and engagement of internal auditors, the internal audit program to be conducted, and the scope of the work to be performed.
- KPMG are the Company's internal auditors.
- Internal auditors provide the Committee with comments and recommendations about the identification of areas perceived to be of a greater level of risk than others, and any areas requiring particular scrutiny.
- The Committee receives and reviews the reports of the internal auditors.

#### Delegated authorities and restrictions

- Comprehensive procedure which provides a framework that enables employees to operate and act within clearly defined and communicated parameters.

The Board, in consultation with the Audit, Risk and Compliance Committee, reviewed the Company's risk management framework in 2015 and is satisfied that it continues to be sound.

### **3.2 Sustainability risks**

The Company's commitment to sustainability is built on sound business strategy that supports continuous improvement in the social, environmental and economic performance of the Company. Adelaide Brighton continually analyses its activities and considers the needs of all stakeholders to identify key opportunities for improvement and sustainable development. Details about the Company's sustainability risks and how it manages them are set out in the 'Sustainability Report' on pages 20 to 27 of the Company's 2015 Annual Report.

### **3.3 Audit Services**

The Company and Audit, Risk and Compliance Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is considered annually. PricewaterhouseCoopers remains the external auditor of the Company for the Group's financial report for the year ended 31 December 2015.

The Board has adopted a policy in relation to the provision of non-audit services by the Company's external auditor. It is based on the principle that work that may detract from the external auditor's independence and impartiality (or that may be perceived as doing so) should not be carried out by the external auditor. Details and the break down of fees for non-audit services and an analysis of fees paid or payable to external auditors are provided in Note 28 to the Financial Statements in the Company's 2015 Annual Report.

## **4 The Board is committed to promoting ethical and responsible decision-making**

### **4.1 Code of conduct and whistleblower program**

The Company is committed to upholding the highest ethical standards of corporate behaviour. A Code of Conduct has been adopted, which requires that all Directors, senior management and employees act with the utmost integrity and honesty. It aims to further strengthen the Company's ethical climate by promoting practices that foster the Company's key values of:

- Acting with fairness, honesty and integrity;
- Providing a safe and healthy work environment for all employees;
- Being aware of and abiding by laws and regulations;
- Individually and collectively contributing to the wellbeing of shareholders, customers, the economy and the community;
- Maintaining the highest standards of professional behaviour;
- Avoiding or managing conflicts of interest; and
- Striving to be a good corporate citizen, and to achieve community respect.

The Code of Conduct is publicly available on the Company's website at [www.adbri.com.au](http://www.adbri.com.au).

The Code of Conduct was reviewed and revised during the year to ensure that it remains relevant to the Company's values and practices. The Board's approach is that the Company's Code of Conduct should continue to be updated as circumstances, standards and expectations developed.

The Company has also adopted and continually reviews policies requiring compliance with (among others) occupational health and safety, environmental, privacy, diversity, equal employment opportunity, harassment, fair treatment, and competition and consumer law. The Company monitors the effectiveness of these policies.

Employees are encouraged to attend training or seminars presented by the Company, or external service providers, to ensure that they remain up-to-date with relevant industry and regulatory developments.

The Code of Conduct requires all officers, employees, contractors, agents or people associated with the Company to report any potential breaches to the Company Secretary under the whistleblower program. This may be done anonymously.

### **4.2 Shareholdings of Directors and employees**

The Board has a policy that in general, Directors and Officers may not buy or sell Adelaide Brighton Ltd shares except during periods (known as 'Trading Windows') provided that prior approval is obtained. The Trading Windows cover the period of one month following the annual and half year results announcements in addition to the period from the release of the Company's annual report until one month after the annual general meeting. The policy also defines certain periods where trading is not permitted under any circumstances (known as 'Blackout Periods'), which cover the two months preceding lodgement of half year and annual results announcements, in addition to any instance when a Director is trading for short-term gain. In all cases, Directors and Officers are prohibited from trading in securities when they are in possession of "inside information".

The Board also has a policy that prohibits executives from hedging (or otherwise locking in a profit over) unvested securities issued under the Company's Share Plans.

The Company's Share Trading Policy and the Award/Share Hedging Policy are available on the Company's website at [www.adbri.com.au](http://www.adbri.com.au).

### **4.3 Remuneration of Directors and employees**

Non-executive Directors receive a base fee in relation to their service as a Director of the Board, and an additional fee for membership of, or for chairing a Committee. These fees are not linked to the performance of the Group, in order to maintain the independence and impartiality of the non-executive Directors.

Executives (including the CEO who is also the Managing Director) can receive a mix of fixed annual remuneration and “at-risk” remuneration (comprised of short term and long term incentives). The remuneration and other terms of employment for executives are set out in formal employment contracts referred to as Service Agreements.

Further information about the Company’s policies and practices regarding the remuneration of Directors and executives is contained in the Company’s 2015 Remuneration Report contained at pages 43 to 57 of the 2015 Annual Report.

## **5 The Board is committed to timely and balanced disclosure and respects the rights of shareholders**

### **5.1 Continuous disclosure**

The Company is committed to providing relevant and timely information to its shareholders and to the broader market, in accordance with its obligations under the *Corporations Act 2001* and the ASX continuous disclosure regime.

The Company’s Continuous Disclosure Policy is available on the Company’s website at [www.adbri.com.au](http://www.adbri.com.au). It sets out guidelines and processes to be followed in order to ensure that the Company’s continuous disclosure obligations are met. Material information must not be selectively disclosed prior to being announced to the ASX. These policies and procedures are supplemented by the Shareholder Communications Policy (also published on the Company’s website) which includes arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings.

The Company Secretary has been nominated as the person responsible for communicating with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements and overseeing and coordinating (with the Group Corporate Affairs Adviser) information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

### **5.2 Communication with shareholders**

The Company’s website contains copies of key corporate governance documents, its Constitution, annual reports, financial accounts, ASX releases, the names, photographs and biographical details of the directors, an overview of the Company’s current business, an events calendar and other investor relations publications. All relevant announcements made to the market via the ASX, and any related information, are also posted on the Company’s website.

Shareholders can communicate with the share registry and the Company by electronic means. The Company’s website provides the contact details for the Company’s share registry and for shareholder enquiries. The website contains a facility for shareholders to contact the Company and to ask questions electronically, and sets out the other services available to shareholders online.

The Board encourages full participation of shareholders at the Annual General Meeting in order to promote a high level of accountability and discussion of the Group’s strategy and goals. For example, the Company allows shareholders to submit written questions to the Company ahead of the Annual General Meeting. The Company also ensures that notices of Annual General Meetings are accessible on its website.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditors’ report.