

## **CORPORATE GOVERNANCE STATEMENT**

### **EMECO HOLDINGS LIMITED (ACN 112 188 815)**

**For the year ended 30 June 2019**

Emeco Holdings Limited (**Emeco**) has followed each of the principles and recommendations set out in the 3rd edition of the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' (**ASX principles and recommendations**) during FY19.

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

##### **Roles and responsibilities of the board and senior executives**

Emeco's board charter, which has been adopted by the board of Emeco (**Board**), sets out the functions and responsibilities of the Board, each director and the chair of the Board (**Chair**).

Under the charter, the Board is accountable to shareholders for the overall performance of Emeco and management of Emeco's affairs. Key responsibilities of the Board include:

- approving corporate strategy and objectives, reviewing the strategic environment and key business risks and opportunities, and monitoring performance in delivery of strategy and objectives;
- evaluating, approving and monitoring the annual budgets and financial and business plans and performance objectives of Emeco;
- monitoring and assessing management's performance in achieving objectives and observing budgets approved by the Board;
- determining the dividend policy and the amount and timing of all dividends;
- evaluating, approving and monitoring major capital expenditure, capital management and all major acquisitions, divestitures and other corporate transactions, including the issue of securities;
- reviewing, ratifying and monitoring systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- overseeing the integrity of Emeco's accounting and corporate reporting systems and financial reports;
- evaluating and monitoring annual budgets and business plans;
- ensuring appropriate resources are available to senior executives;
- approving and monitoring delegations of authority, including financial authority limits;
- appointing, re-appointing or removing Emeco's external auditors (on recommendation from the audit and risk management committee); and
- appointing, monitoring and managing the performance and remuneration of executive directors.

The charter sets a minimum number of board meetings and provides for the establishment of the audit and risk management committee and the remuneration and nomination committee. The charter also sets minimum standards of ethical conduct of the directors, which are further elaborated on in Emeco's code of conduct, and specifies the terms on which directors are able to obtain independent professional advice at Emeco's expense.

A copy of the board charter and Emeco's code of conduct is available in the corporate governance section of the Emeco website (<http://www.emecogroup.com/investors-overview/corporate-governance/>).

The Company Secretary supports the proper functioning of, and is accountable to, the Board.

Under the terms of the board charter, the Managing Director and Chief Executive Officer is responsible to the Board for the day-to-day management of Emeco and its controlled entities (**Emeco Group**). The Board has formally adopted a structured delegated financial authority (**DFA**) which outlines the specific financial authority limits delegated to the Managing Director and Chief Executive Officer. The Board approves and monitors this delegation of financial authority.

The DFA ensures that contract commitments and expenditure are limited to:

- contractual commitments in the ordinary course of business;
- operational expenditure incurred in the day-to-day running of the business; and
- capital expenditure, being the purchase of assets for the purpose of deriving income.

The DFA also sets levels of permitted contractual and expenditure commitment delegated by the Managing Director and Chief Executive Officer to employees across the Emeco Group. Authority limits have been set as a risk management tool to ensure adequate controls are in place when committing the Emeco Group to a contract or incurring costs.

Emeco has written agreements with each director and senior executive setting out the terms of their appointment.

#### **Director selection**

The remuneration and nomination committee (**RNC**) establishes the criteria for board membership and proposes director candidates for consideration by the Board. In proposing candidates, the RNC has regard to the desired composition of the board and takes into account the skills required to both discharge the board's duties and to augment any skill set desirable on the Board.

The Board aims to achieve a mix of skills and diversity in its members. Candidates recommended for appointment as new directors are considered by the Board as a whole. If it is necessary to appoint a new director to fill a vacancy on the board or to complement the existing board, a wide potential base of possible candidates is considered. The Board has established the following criteria for the appointment of directors of Emeco:

- No actual or potential conflicts of interest at the time of appointment.
- No prior adverse history, including bankruptcy, conviction for an offence of dishonesty or any other serious criminal conviction, ASIC or APRA disqualification.
- Deserved reputation for honesty, integrity and competence.
- Extensive experience at a senior executive level in a field relevant to the Emeco Group's operations and preferably with a listed company.
- High level strategic, financial and commercial capability.
- Available and willing to devote the time required to meetings and Emeco business and a real commitment to the Emeco Group and its success.
- Able to work harmoniously with fellow directors and management.
- Skills, experience and knowledge which complement those of incumbent directors.

Where the Board puts forward a candidate for election as a director, Emeco provides shareholders with biographical details, details of material directorships and material information in Emeco's possession relevant to a decision on whether or not to elect a director. No new person was put forward for Emeco directorship during FY19.

Under Emeco's constitution, the directors have the power to appoint directors to fill a vacancy or as an addition to the Board. Any director, except a managing director, appointed in this way must retire from office, and is eligible for re-election, at the next annual general meeting following his or her appointment.

Under the terms of Emeco's constitution, all directors other than the managing director must retire from office or seek re-election by the third annual general meeting after his or her election or within three years, whichever is the later. Further, unless determined otherwise by a resolution of Emeco's shareholders at least one director must retire from office at each annual general meeting unless there has been an election of directors earlier that year. Mr Peter Frank will seek re-election at the 2019 annual general meeting under these provisions.

Emeco provides shareholders with the following material information in its possession relevant to a decision on whether or not to elect or re-elect a director in its notice of meeting:

- The director's biographical details, including relevant qualifications, skills and experience.
- Other material directorships held by the director.
- The term of office currently served by the director.
- Whether the board considers the director to be an independent director.
- Whether the board supports the election or re-election of the director.

#### **Board, committee and director evaluation**

A review of the performance of the board and the committees is completed annually with the advice and assistance of the RNC. In FY19, the performance review was undertaken using a questionnaire, the scope of which covered the performance of the Board, its committees, the Chair, the Company Secretary and board functions, skills, knowledge, composition and processes. Directors' questionnaire responses are collated and analysed and then presented to, and discussed with, the Board.

#### **Evaluating the performance of executives**

The performance of the Managing Director and Chief Executive Officer is regularly monitored by the non-executive directors.

Reviews of the performance of each senior executive within the Emeco Group are conducted by the Managing Director and Chief Executive Officer each year. These performance reviews provide the Managing Director and Chief Executive Officer and each senior executive with the opportunity not only to review the senior executive's performance against a range of financial and operational benchmarks but also to review and assess the senior executive's personal and professional development objectives.

A review of the performance of each senior executive was undertaken in FY19.

The Emeco Group has formal induction procedures in place to introduce new senior executives to the Emeco Group and gain an understanding of the Emeco Group's financial position, strategies, operations, risks and other policies and responsibilities.

#### **Diversity**

Emeco has adopted a diversity policy. The principal objective of the diversity policy is to support a corporate culture of workplace diversity, and to work towards establishing a framework for diversity awareness and reporting. A copy of the diversity policy is available in the corporate governance section of the Emeco website.

The diversity policy requires the Board to establish measureable objectives for achieving diversity. The RNC is responsible for assessing and reporting to the board on Emeco's progress towards achieving its measurable diversity objectives on an annual basis.

Further details regarding:

- Emeco's annual measurable objectives set by the board in accordance with the diversity policy and progress towards achieving them; and
- the proportion of women employees in the Emeco Group, in senior executive positions and on the board,

are included in Emeco's 2019 sustainability report (**Sustainability Report**) on pages 4 and 5. A copy of the Sustainability Report is available in the sustainability section of the Emeco website (<http://www.emecogroup.com/who-we-are/sustainability>).

Emeco's most recent gender equality indicators, as defined in and published under the *Workplace Gender Equality Act 2012*, can be found in Emeco's Australian Workplace Gender Equality Agency Report, which is available in the sustainability section of the Emeco website.

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

### **Remuneration and nomination committee**

The board has established the RNC, whose responsibilities include the following:

- Reviewing the membership and performance of the committees and making recommendations to the board.
- Periodically assessing the skills required to discharge the board's duties, having regard to the strategic direction of Emeco.
- Reviewing the performance and effectiveness of the board and its members.

The charter of the RNC provides that the RNC must be made up of a minimum of three directors, including a majority of independent non-executive directors. The charter of the RNC is available in the corporate governance section of the Emeco website.

The members of the RNC in FY19 were Mr Peter Richards (Chair), Mr Keith Skinner and Mr Darren Yeates. Each member's attendance at the two meetings of the RNC in FY19 is set out at page 16 of Emeco's 2019 annual report (**Annual Report**). A copy of the Annual Report is located on the Emeco website (<http://www.emecogroup.com/category/reports>).

### **Board membership**

The Board was comprised of five directors in FY19. Of these, three, including the Chair, were independent non-executive directors, one was a non-executive director, and one was an executive director.

Independent directors are expected to bring independent views and judgment to the Board's deliberations. All of Emeco's independent directors satisfy the criteria for independence set out in the ASX principles and recommendations. In considering whether a director is independent, the Board has regard to the relationships affecting his or her independent status and other facts, information and circumstances that the Board considers to be relevant.

The Board assesses the independence of new directors upon appointment and reviews the independence of the directors annually and as appropriate. The test of whether a relationship is material is based on the nature of the relationship and the circumstances of the director. Materiality is considered from the perspective of Emeco, the director, and the person or entity with which the director has a relationship.

The director, who was not considered to be independent due to his involvement in the management and operations of Emeco Group in FY19, was Mr Testrow, Emeco's Managing Director and Chief Executive Officer. The non-executive director who was not considered independent due to his employment with a significant shareholder of Emeco was Mr Peter Frank.

The table below sets out details of the status of each of the directors:

**Table 1: Status of directors**

<b>Director</b>	<b>Date of appointment</b>	<b>Independent?</b>	<b>Non-Executive?</b>	<b>Seeking re-election at 2019 AGM?</b>
Peter Richards	14/06/2010	Yes	Yes	No
Ian Testrow	20/08/2015	No	No	No
Peter Frank	1/04/2017	No	Yes	Yes
Keith Skinner	1/04/2017	Yes	Yes	No
Darren Yeates	1/04/2017	Yes	Yes	No

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## Director skills, experience and expertise

The following table sets out the key skills and experience of the current directors and the extent to which they are represented on the Board and its committees:

**Table 2: Skills and experience**

		<b>Board</b>	<b>Audit &amp; risk management committee</b>	<b>Remuneration &amp; nomination committee</b>
		<b>(Total 5 directors)</b>	<b>(Total 3 directors)</b>	<b>(Total 3 directors)</b>
<b>Strategy &amp; sustainability</b>	Strategic skills. Contributes to the formulation, testing and approval of a business strategy. Alert to opportunities, risks and trends.	5 directors	3 directors	3 directors
<b>Finance</b>	Financial skills and credentials. Aware of financial risk. Understands financial reporting requirements and financial regulations.	5 directors	3 directors	3 directors
<b>Marketing &amp; growth</b>	Understands growth and marketing strategies or has marketing skills.	5 directors	3 directors	3 directors
<b>Corporate governance</b>	Background in corporate governance and compliance. Familiar with corporate legislation and statutory requirements.	3 directors	2 director	2 director
<b>Operations &amp; asset optimisation</b>	Understands operational improvements and extracting maximum value from existing assets.	5 directors	3 directors	3 directors
<b>Human capital</b>	Experience in setting management performance goals, overseeing and managing performance, developing executive bench strength and succession plans.	5 directors	3 directors	3 directors
<b>External engagement</b>	Experience with external stakeholder groups (community, regulators, government), including networks and ability to exert influence.	4 directors	3 directors	3 directors
<b>Industry knowledge</b>	Expertise and knowledge pertinent to the industries or environments in which the Company operates.	5 directors	3 directors	3 directors
<b>Technical knowledge</b>	Skills and expertise in products or technologies relevant to the Company.	3 directors	1 director	1 director
<b>Corporate finance</b>	Experience and skills associated with mergers, acquisitions, demergers, capital raising and debt financing.	4 directors	2 directors	2 directors
<b>Legal</b>	Expertise in corporate law or legislation relevant to the Company.	1 director	0 directors	0 directors
<b>International business</b>	International business experience from working with multinational companies and international expansion.	5 directors	3 directors	3 directors
<b>Information technology</b>	Expertise in IT strategy and system design, procurement and implementation and understands associated risks.	1 director	0 directors	0 directors

The directors and a brief description of their skills, experience and expertise are set out at pages 14 to 15 of the Annual Report.

The directors consider that collectively they have the relevant skills, experience and expertise to fulfil their obligations to Emeco, its shareholders and other stakeholders.

All directors are expected to develop and maintain the skills and knowledge required to perform their role as directors effectively and discharge their duties to Emeco. Emeco has induction procedures in place to introduce new directors to Emeco and gain an understanding of the Emeco Group's financial position, strategies, operations, risks and other policies and responsibilities. Professional development opportunities to further develop the skills and knowledge required to effectively perform as directors of Emeco are provided each year and considered on an ongoing basis.

Under the board charter, a director is entitled to seek professional advice at Emeco's expense on any matter connected with the discharge of his or her duties in accordance with the procedure set out in the charter, a copy of which is available in the corporate governance section of the Emeco website.

All directors have unrestricted access to the general counsel and company secretary and other employees of the Emeco Group as and when required. Subject to law, the directors also have access to all records of Emeco and information held by Emeco Group employees and external advisors. Directors are provided, on an "as needed" basis, with papers, presentations and briefings on Emeco Group businesses and on matters which may affect the operations of the Emeco Group. The Board receives regular detailed financial and operational reports from senior executives to enable it to carry out its duties.

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

Emeco considers that confidence in its integrity can only be achieved if its employees and officers conduct themselves ethically in all of their commercial dealings on Emeco's behalf. Accordingly, Emeco recognises that it is important to promote ethical conduct amongst its employees, officers and contractors.

Emeco has adopted, amongst other policies designed to promote ethical and responsible decision making, a code of conduct which applies to all directors, officers, employees, consultants and contractors of the Emeco Group.

The objectives of the code of conduct are to ensure that:

- high standards of corporate and individual behaviour are observed by all employees in the context of their employment with the Emeco Group;
- employees are aware of their responsibilities under their contract of employment and always act in an ethical and professional manner; and
- all persons dealing with the Emeco Group, whether it be employees, shareholders, suppliers, clients or competitors, can be guided by the stated values and practices of Emeco.

Under the code of conduct, all Emeco Group personnel must, amongst other things:

- act honestly and in good faith at all times and in a manner which is in the best interests of Emeco as a whole;
- conduct their personal activities in a manner that is lawful and avoids conflicts of interest between their personal interests and those of Emeco;
- always act in a manner that is in compliance with the laws and regulations of the country in which they work;
- report any actual or potential breaches of the law, the code of conduct or Emeco's other policies to the company secretary; and
- not permit or condone the making of payments, gifts, favours, bribes, facilitation payments or kick-backs in the expectation of preferred treatment for themselves or Emeco.

A copy of the code of conduct is available in the corporate governance section of the Emeco website.

Emeco actively promotes and encourages ethical behaviour and protection for those who report violations of the code of conduct or other unlawful or unethical conduct in good faith and has procedures in place to deal with matters with promptly and fairly.

Directors are required to avoid conflicts of interest and immediately inform their fellow directors should a conflict of interest arise. Directors are also required to advise Emeco of any relevant interests that may result in a conflict.

The Board has adopted the use of formal standing notices in which directors disclose any material personal interests and the relationship of these interests to the affairs of Emeco. A director is required to notify Emeco of any new material personal interests or change in the nature or extent of a previously disclosed interest.

Where a matter in which a director has a material personal interest is being considered by the board, that director must not be present when the matter is being considered nor vote on the matter, unless all of the other directors have passed a resolution to enable that director to do so or the matter comes within a category of exception under the *Corporations Act 2001* (Cth) (**Corporations Act**).

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

### **Audit and risk management committee**

The Board has established an audit and risk management committee (**ARMC**) to support and advise the board in fulfilling its responsibilities to shareholders, employees and other stakeholders of Emeco in connection with:

- the financial reporting process, the system of internal control relating to all matters affecting Emeco's financial performance, the audit process, and Emeco's process for monitoring compliance with laws and regulations and the code of conduct; and
- implementing and supervising Emeco's risk management framework.

The ARMC charter requires the committee to be made up of a minimum of three directors, all of whom must be non-executive directors and the majority of whom must be independent. During FY19, the committee comprised three independent non-executive directors, all of whom have financial expertise. The members of the ARMC in FY19 were Mr Keith Skinner (Chair), Mr Peter Richards and Mr Darren Yeates. The qualifications of the ARMC members are set out at pages 14 to 15 of the Annual Report.

The ARMC charter sets out the roles and responsibilities of the committee and is available in the corporate governance section of the Emeco website. A review of the charter was undertaken during FY19.

In FY19, the ARMC held four meetings. Each committee member's attendance at these meetings is set out at page 16 of the Annual Report. The other directors, including the Managing Director and Chief Executive Officer, the Company Secretary and any other persons considered appropriate may attend the meetings of the ARMC by invitation. The ARMC also meets from time to time with the external auditor in the absence of management.

### **External auditor**

Emeco's external auditor is Deloitte Touche Tohmatsu with Ms Leanne Karamfiles as the lead audit partner. Ms Karamfiles was first appointed as the lead partner responsible for Emeco for the 31 December 2015 interim audit. The lead audit partner attends and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the independent auditor's report at Emeco's annual general meeting.

The effectiveness, performance and independence of the external auditor are reviewed by the ARMC. If it becomes necessary to replace the external auditor for performance or independence reasons, the ARMC will formalise a procedure and policy for the selection and appointment of a new auditor.



Section 307C of the Corporations Act requires the external auditor to make an annual independence declaration addressed to the Board declaring that the auditor has maintained its independence in accordance with the Corporations Act and the rules of the professional accounting bodies. Deloitte Touche Tohmatsu has provided an independence declaration to the board for FY19. This independence declaration forms part of the directors' report and is provided on page 33 of the Annual Report.

In respect of Emeco's FY19 financial statements, the Board also received a declaration from the Chief Executive Officer and the Chief Financial Officer that, in their opinion, the financial records of Emeco had been properly maintained and that the financial statements complied with the accounting standards and gave a true and fair view of the financial position and performance of Emeco and that the opinion was formed on the basis of a sound system of risk management and internal control which is operating effectively.

During the year, Deloitte Touche Tohmatsu, the Emeco Group's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Emeco Group and have been reviewed by the ARMC to ensure they do not impact the integrity and objectivity of the auditor.
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Emeco Group, acting as an advocate for the Group or jointly sharing the risks and rewards.

Details of the amounts paid to the auditor of the Emeco Group, Deloitte Touche Tohmatsu and its network firms, for audit and non-audit services provided during the year are found in note 9 of the notes to the financial statements contained in the Annual Report.

## **PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE**

Emeco is committed to complying with its continuous disclosure obligations under the ASX Listing Rules and disclosing to investors and other stakeholders all information about Emeco that a reasonable person would expect to have a material effect on the price or value of Emeco's securities.

Emeco has adopted a continuous disclosure policy directed to ensuring Emeco compliance with its continuous disclosure obligations. A copy of the policy is available in the corporate governance section of the Emeco website.

The continuous disclosure policy, amongst other things:

- sets out the roles and responsibilities of Emeco's officers and employees in the context of Emeco's continuous disclosure obligations;
- emphasises a proactive approach to continuous disclosure and requires Emeco to comply with the spirit as well as the letter of the ASX continuous disclosure requirements;
- specifies Emeco representatives who are authorised to speak publicly on behalf of Emeco;
- contains the policy and procedures for dealing with analysts; and
- sets out how Emeco deals with market rumour and speculation.

The Company Secretary is responsible for overseeing and coordinating the disclosure of information by Emeco to the ASX. Compliance with the policy is reviewed and monitored by the ARMC, and also by the Board.

## **PRINCIPLE 6 - RESPECT THE RIGHTS OF SHAREHOLDERS**

Emeco acknowledges the importance of effective communication with its shareholders and has adopted a communications policy designed to facilitate effective two-way communication between Emeco, its shareholders and investors. A copy of the communications policy is available in the corporate governance section of the Emeco website.

Emeco provides information about itself and its governance via its website. All public announcements are posted on Emeco's website after they have been released to the ASX. Emeco also places the full text of notices of meetings and explanatory material on its website, as well as copies of its annual report and the Chair's address at the annual general meeting. Key dates are noted on Emeco's website.

Emeco offers shareholders a number of options for receiving electronic communications. Shareholders can elect to receive notification by email when payment advices, annual reports, notices of meetings and proxy forms are available online. They can also elect to receive email notification of important announcements.

Emeco also encourages effective shareholder participation at general meetings, which are the major forum for shareholders to ask questions of the directors about the performance of the Emeco Group. To facilitate shareholder participation, Emeco keeps itself informed about improved technology and electronic access for shareholders who are unable to be physically present at meetings.

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

### **Risk management**

The Board believes that risk management is fundamental to sound management and that oversight of such matters is an important responsibility of the Board. The Board, with assistance from the ARMC, is responsible for ensuring there are adequate processes and policies in place to identify, assess and mitigate risk.

Emeco has adopted a risk management policy and has also implemented a formal enterprise risk management program to ensure that risk management concepts and awareness are embedded in the culture of the Emeco Group. This program includes the involvement of senior executives and senior operational management. The key elements of Emeco's enterprise risk management program are as follows:

- Identification and classification of risk into strategic, operational, financial and compliance risks.
- Quantification and ranking of risk consequences, likelihood and rate.
- Development of a database for communicating and updating activity and progress on risk matters and maintaining risk registers.
- Identification, enhancement and development of key internal controls to address risk issues, including risk treatment plans and assigning accountabilities for identified risks to senior Emeco employees.
- Comprehensive insurance program.

Where Emeco has material exposures to economic, environmental and social sustainability risks, the risks and Emeco's approach to managing those risks are addressed in note 6 of the notes to the financial statements (for economic risks) in the Annual Report and on page 2 in the Sustainability Report (for environmental and social sustainability risks).

The ARMC is responsible for reviewing Emeco's risk management policy and the effectiveness of Emeco's overall risk management framework to ensure it remains sound. A review of the risk management policy and the risk management framework was undertaken during FY19.

Details regarding the ARMC including its members and the meetings held are set out under Principle 4 (above) and on pages 14 to 15 of the Annual Report.

#### **Internal assurance**

The overall internal assurance process is overseen and managed by the Chief Financial Officer. The Chief Financial Officer reports to the ARMC and the board on risk areas as well as the implementation of the Emeco Group's risk management, governance and control processes and frameworks. Independent experts are engaged as required to assist with the internal assurance process.

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

The Board has established a remuneration and nomination committee. The RNC is currently comprised of three independent non-executive directors. Details regarding membership of the RNC are set out under Principle 2 of this corporate governance statement.

Each member's attendance at the two meetings held by the RNC in FY19 is set out at page 16 of the Annual Report.

The Emeco Group remuneration policy is substantially reflected in the objectives of the RNC. The RNC's remuneration objectives are to endeavour to ensure that:

- the directors and senior executives of the Emeco Group are remunerated fairly and appropriately;
- the remuneration policies and outcomes strike an appropriate balance between the interests of Emeco's shareholders, and rewarding and motivating the Emeco Group's executives and employees in order to secure the long term benefits of their energy and loyalty; and
- the human resources policies and practices are consistent with and complementary to the strategic direction and human resources objectives of Emeco as determined by the Board.

Under its charter, the RNC is required to review and make recommendations to the Board about:

- the general remuneration strategy for the Emeco Group so that it motivates executives and employees to pursue the long term growth and success of the Emeco Group and establishes a fair and transparent relationship between individual performance and remuneration;
- the terms of remuneration for the executive directors and other senior executives of the Emeco Group including the criteria for assessing performance;
- diversity policy compliance and reporting;
- remuneration reviews for non-executive directors;
- changes in remuneration policy and practices, including superannuation and other benefits; and
- employee equity plans and allocations under those plans.

The charter of the RNC is available in the corporate governance section of the Emeco website. A review of the charter was undertaken during FY19.

Emeco clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives. Non-executive directors are remunerated by way of fees in the form of cash benefits and superannuation contributions. They do not receive options or bonus payments, or retirement benefits other than superannuation.

A remuneration report detailing Emeco's policies and practices regarding the remuneration of non-executive directors, executive directors and other senior executives and the information required by section 300A of the Corporations Act in relation to FY19 is included in the Annual Report on pages 20 to 32.

### **The share trading policy**

The principal objective of Emeco's share trading policy is to raise awareness, and minimise any potential for breach, of the prohibitions on insider trading contained in the Corporations Act. The policy is also intended to minimise any possible misunderstandings or suspicions arising from employees and officers trading in Emeco's shares by preventing trading at certain times of the year such as prior to the release of half and full year results and quarterly updates.

Emeco has appropriate compliance standards and procedures in place to ensure the share trading policy is properly adhered to. Employees are reminded of the commencement and end of each blackout period and a copy of the share trading policy accompanies these notifications.

Emeco has an equity-based remuneration scheme (see pages 23 to 27 of the Annual Report for more information) and, through its share trading policy, prohibits participants from entering into transactions which limit the economic risk of participating in the scheme.

A copy of the share trading policy is available in the corporate governance section of the Emeco website.

Signed in accordance with a resolution of the directors.



Ian Testrow  
Managing Director

Perth, 20th day of August 2019