

# CORPORATE GOVERNANCE STATEMENT 2018



WHITEHAVEN COAL

## Corporate Governance Statement 2018

### INTRODUCTION

The Company is committed to achieving the highest standards of corporate governance and to conducting its operations and corporate activities safely and in accordance with all applicable laws and regulatory obligations. This Corporate Governance Statement sets out the key details of the Company's corporate governance framework.

### SCOPE OF RESPONSIBILITY OF THE BOARD

The Board has a formal Board Charter which sets out the responsibilities, structure and composition of the Board. It provides that the Board's broad function is to:

- determine strategy and set financial targets for the Whitehaven Group;
- monitor the implementation and execution of strategy and performance against financial targets; and
- appoint and oversee the performance of executive management and to take and fulfil an effective leadership role in relation to the Whitehaven Group.

The Board Charter sets out the responsibilities which are specifically reserved for the Board. These include the following:

- determining the composition of the Board, including the appointment and removal of Directors;
- oversight of the Whitehaven Group, including its control and accountability systems;
- appointment and removal of senior management and the Company Secretary;
- reviewing and overseeing systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and regulatory compliance;
- monitoring senior management's performance and implementation of strategy; and
- approving and monitoring financial and other reporting and the operation of Board committees ('Committees').

A copy of the Board Charter can be viewed on the Company's website ([www.whitehavencoal.com.au](http://www.whitehavencoal.com.au)).

Day-to-day management of the Company's affairs and implementation of its strategy and policy initiatives are delegated to the Managing Director and senior executives, who operate in accordance with Board approved policies and delegated limits of authority.

### INDEPENDENCE OF THE BOARD

Under the terms of the Board Charter, an independent Director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgment.

The Board reviews and makes a determination regarding each Director's independence on a regular basis as required by any change in circumstance that may affect an individual's independence. In making this determination, the Board has regard to all relevant facts and circumstances, including the recommendations of the Governance and Nomination Committee, and assesses whether the Director is independent of management and any business or other relationship that could materially interfere with the exercise of objective or independent judgment or the Director's ability to act in the best interests of the Company.

Paul Flynn is not considered independent because during the financial year he was an executive of the Company. Ray Zage is not considered independent because of his relationship with a major shareholder of the Company.

Mark Vaile, John Conde, Julie Beeby, Fiona Robertson and Tony Haggarty continue to be considered by the Board to be independent Directors pursuant to the terms of the Board Charter. The tenure of a Director is a factor taken into account by the Board in assessing the independence of a Director, but is not determinative. Based on its assessment, the Board determined that each independent Director remains able to bring an independent mind to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally. In addition, the Board believes that the interests of all stakeholders are best served if its composition includes a blend of experience and tenure among Directors.

## BOARD COMMITTEES

The Board has established the following standing Committees and the membership of those Committees at 30 June 2018 is set out below:

Committee	Purpose	Membership
Audit and Risk Management Committee	<p>Advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Whitehaven Group. It also gives the Board additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.</p> <p>The Audit and Risk Management Committee also has an important role in ensuring that the audit is of high quality and that there is active engagement with the auditors. It is also actively involved in the appointment of auditors and ensures that the audit is conducted to the highest standard.</p>	<p>Tony Haggarty (Chairman)</p> <p>Mark Vaile</p> <p>John Conde</p> <p>Fiona Robertson</p>
Remuneration Committee	<p>Assists the Board and reports to it on remuneration and issues relevant to remuneration policies and practices including those for key management. The Committee is also responsible for overseeing Whitehaven's human resources strategy and for identifying initiatives required to improve diversity.</p>	<p>John Conde (Chairman)</p> <p>Mark Vaile</p> <p>Fiona Robertson</p>
Governance and Nomination Committee	<p>Assists the Board and reports to it on issues relevant to governance policies and practices including the independence of Directors and to make recommendations to the Board in relation to the appointment of new Directors. The Committee also supports and advises the Board on the oversight of succession planning for the Managing Director.</p>	<p>Mark Vaile (Chairman)</p> <p>John Conde</p> <p>Julie Beeby</p>
Health, Safety, Environment and Community Committee	<p>Assists the Board and reports to it on health, safety, environment and community ('HSEC') matters including Whitehaven's performance on HSEC matters, compliance with relevant HSEC laws and the adequacy and effectiveness of HSEC management systems.</p>	<p>Julie Beeby (Chairman)</p> <p>Tony Haggarty</p> <p>Mark Vaile</p>

The number of meetings held for each of the Committees above, and each Committee member's attendance at these meetings, is set out in the Directors' Report in the 2018 Annual Report.

The Charter of each of the standing Committees is included in the "Corporate Governance" section of the Whitehaven website (<http://www.whitehavennews.com.au/corporate-governance/>).

In addition to the standing Committees referred to above, the Board also has the ability to establish ad hoc committees formed for a limited period of time to address a specific need.

Each Committee regularly reports to the Board on matters relevant to the Committee's role and responsibilities and the minutes of each Committee meeting are made available to each Director.

## BEST PRACTICE COMMITMENT

Whitehaven is committed to achieving and maintaining the highest standards of conduct and has undertaken various initiatives, as outlined in this statement, designed to achieve this objective. Whitehaven's corporate governance charters are intended to 'institutionalise' good corporate governance and, generally, to build a culture of best practice both in Whitehaven's internal practices and in its dealings with others.

## **INDEPENDENT PROFESSIONAL ADVICE**

With the prior approval of the Chairman, each Director has the right to seek independent legal and other professional advice concerning any aspect of Whitehaven's operations or undertakings in order to fulfil their duties and responsibilities as Directors. Any costs incurred are borne by the Company.

## **COMPLIANCE WITH ASX CORPORATE GOVERNANCE GUIDELINES AND BEST PRACTICE RECOMMENDATIONS**

The Board has assessed the Company's practice against the Australian Securities Exchange Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 3rd edition' ('ASX Guidelines'). Whitehaven complied with the ASX Guidelines in all material respects throughout the 2018 financial year. Where the Company has an alternative approach, this has been disclosed and explained.

### **Principle 1 – Lay Solid Foundations for Management and Oversight**

The role of the Board and delegation to senior management have been formalised as described above.

### **Senior Executive Contracts and Performance Evaluations**

All senior executives are employed under employment services agreements that detail their role and responsibilities and other key terms of their employment with the Whitehaven Group.

On an annual basis, the Board reviews the performance of the Managing Director. The assessment criteria used in these reviews are both qualitative and quantitative and includes the following:

- financial performance;
- safety and environmental performance; and
- strategic leadership actions.

The Managing Director annually reviews the performance of Whitehaven's senior executives using criteria consistent with the above.

The performance of the Managing Director and the Company's senior executives during the 2018 financial year has been assessed in accordance with the above processes.

### **Appointment of Directors**

As part of the process for appointing new Directors, appropriate background checks on potential appointees' character, experience, education, criminal record and bankruptcy history are undertaken by the Governance and Nomination Committee. Equivalent checks are also undertaken before putting forward a candidate to shareholders for election as a Director. Relevant background checks were undertaken prior to appointing Fiona Robertson to the Board in February 2018.

The Company provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

Each Director has a letter of appointment, which sets out the terms of their appointment, including their responsibilities and the expected time commitment.

### **Board, Committee and Director Evaluations**

The Board periodically undertakes an evaluation of the performance of the Board, its Committees and its Directors. The evaluation encompasses a review of the structure and operation of the Board and its Committees, the skills and characteristics required by the Board to maximise its effectiveness, the performance of its Committees and Directors, and the appropriateness of the Board's practices and procedures to meet the present and future needs of the Company.

The most recent evaluation of the Board, its Committees and its Directors was conducted during the year. The Board determined that it benefits from a variety of perspectives and skills, that it remains of a size which facilitates effective decision making and that its Committees and Directors are discharging their responsibilities.

## Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with the ASX and all statutory and other filings.

## Diversity

Whitehaven recognises that people are its most important asset and is committed to maintaining and promoting workplace diversity. Diversity drives the Group's ability to attract, retain and develop the best talent, create an engaged workforce, deliver the highest quality services to its customers and continue to grow the business.

The Board has adopted a Diversity Policy which describes Whitehaven's diversity aspirations and sets minimum expectations to be met by the Group on workforce diversity. A copy of the Diversity Policy is available on Whitehaven's website.

The recruitment and selection processes adopted by Whitehaven ensure that staff and management are selected in a non-discriminatory manner based on merit. The Diversity Policy is overseen at Board level by the Remuneration Committee.

The Board established measurable objectives for FY2018 in accordance with the Diversity Policy. A discussion on these objectives including performance against the objectives is set out in the 2018 Annual Report.

A full copy of Whitehaven's Workplace Gender Equality Agency (WGEA) report for FY2018, which includes Whitehaven's "Gender Equality Indicators", can be viewed on Whitehaven's website.

## Principle 2 – Structure the Board to add value

### Board Composition

The Board is currently comprised as follows:

Director	Independent	Non-executive	Term in office
Mark Vaile (Chairman)	Yes	Yes	6 years
John Conde (Deputy Chairman)	Yes	Yes	11 years
Paul Flynn	No	No	6 years
Julie Beeby	Yes	Yes	3 years
Tony Haggarty	Yes	Yes	11 years
Fiona Robertson	Yes	Yes	6 months
Ray Zage	No	Yes	5 years

The Board reviews its composition from time to time to ensure the Board benefits from an appropriate balance of skills and experience. Details of the experience and skills of the Directors are set out in the Directors' Report in the 2018 Annual Report.

### Board Skills and Experience

The Board is comprised of seven Directors from diverse backgrounds with a range of business experience, skills and attributes. The following table demonstrates the skills and experience of the Directors across several dimensions that are relevant to the Company's business.

Leadership & Governance	Sustainability & Stakeholder Management
Leadership	Public Policy/ Government Affairs
Public Listed Company Experience	Community Relations
Corporate Governance	Human Resources
Strategy	Remuneration
<b>Technical &amp; Operations</b>	Volunteer/ Not for Profit Involvement
Coal Mining Industry Experience	<b>Business, Finance &amp; Risk</b>

Engineering	Accounting
Project Delivery	Finance
Marketing	Risk Management
<b>Health, Safety, Environment and Community</b>	Audit
Experience managing health, safety, environment and community issues in a large organisation	Mergers & Acquisitions
	Technology

The Board is committed to identifying and attracting suitably experienced leaders to ensure that it has the right directors. The experience, skills and attributes of the Board set out above were considered when appointing Fiona Robertson to the Board in February 2018. In terms of composition, the Board is of the view that its current Directors possess an appropriate mix of skills, experience and diversity to enable the Board to discharge its responsibilities and deliver the Company's corporate objectives.

## Governance and Nomination Committee

Details regarding the Governance and Nomination Committee, including its role and members, are set out above. The Committee is comprised of a majority of independent Directors, is chaired by an independent Director and has three members. The Governance and Nomination Committee's Charter can be viewed on Whitehaven's website.

## Director Induction and Ongoing Training

Whitehaven has a comprehensive induction training programme for Directors, which involves briefings by the Managing Director and the leadership team regarding the Group's strategy and culture, sessions on key areas such as risk, and site visits. There is also an ongoing Director training programme to ensure that Directors maintain the skills and knowledge required to effectively perform their role.

## Principle 3 – Act Ethically and Responsibly

Whitehaven has a Code of Conduct. The purpose of this code is to provide Directors and employees with guidance on what is acceptable behaviour. The Code of Conduct requires all Directors, managers and employees to maintain the highest standards of honesty and integrity. The Code of Conduct can be viewed on Whitehaven's website.

Whitehaven has a Securities Trading Policy which sets out the windows in which key management personnel (including Directors) and certain other employees as nominated by the Board can trade in Whitehaven's securities and provides that all key management personnel and certain other employees of Whitehaven and their families and/or trusts should not trade:

- if they have inside information (that is, information that is not generally available, or if it were generally available, a reasonable person would expect it would have a material effect on the price or value of the securities; or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of securities);
- during certain periods pending announcements of Whitehaven's results (unless approval is obtained); and
- for more than \$50,000 worth of securities without the written approval from the Chairman.

In addition, key management personnel and certain other employees are required not to trade for short term or speculative gain.

The Securities Trading Policy applies to all securities issued by Whitehaven and also to:

- the securities of companies which are either a joint venture partner of Whitehaven or for which Whitehaven has made (or is planning to make) a takeover offer; and
- trading by key management personnel and certain other employees in the securities of other companies in which Whitehaven has a substantial interest (10% or more).

Whitehaven has an Anti-Corruption Policy which establishes a standard of behaviour and integrity, honesty and transparency which applies to anyone who is employed by or works in the Whitehaven Group. The policy sets out what conduct is expected of Whitehaven and its employees and provides guidance on how to recognise and deal with instances of corruption and bribery. The Anti-Corruption Policy can be viewed on Whitehaven's website.

Whitehaven has a Political Donations Policy which sets out the circumstances under which Whitehaven and its Directors may make political donations and the internal reporting requirements in respect of any donations made. Whitehaven is committed to transparency in respect of its political donations and to ensuring compliance with its political donations disclosure obligations. The Political Donations Policy can be viewed on Whitehaven's website.



## Principle 4 – Safeguard Integrity in Corporate Reporting

Whitehaven is committed to a transparent system for auditing and reporting of the Company's financial performance. Whitehaven's Audit and Risk Management Committee performs a central function in achieving this goal. A majority of the members of the Audit and Risk Management Committee (including the Chairman of the Committee) are independent Directors, and all the members are financially literate non-executive Directors. The relevant qualifications and experience of the members of the Audit and Risk Management Committee are set out in the Directors' Report in the 2018 Annual Report.

The Audit and Risk Management Committee holds discussions with external auditors without management present as required. The Audit and Risk Management Committee's Charter can be viewed on Whitehaven's website.

Each financial period, the Board receives a declaration from the Managing Director and the chief financial officer that, in their opinion, the financial records of Whitehaven 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 Whitehaven, and that this opinion has been formed on the basis of a sound system of risk management and internal control, which is operating effectively. These declarations were provided by the Managing Director and the chief financial officer for the half year ended 31 December 2017 and financial year ended 30 June 2018.

## Principle 5 – Make Timely and Balanced Disclosure

Whitehaven has in place (under its Continuous Disclosure Policy) practices and procedures which are aimed at ensuring timely compliance with the Company's obligations under the Corporations Act 2001 (Cth) and ASX Listing Rules. The Continuous Disclosure Policy sets out Whitehaven's disclosure obligations, explains what type of information needs to be disclosed and identifies who is responsible for disclosure.

The Continuous Disclosure Policy requires employees of Whitehaven to immediately report to the Managing Director or if the Managing Director is not contactable, one of his delegates (the chief financial officer or the general counsel and company secretary) once they become aware of information that is, or may be, price sensitive.

Under the Continuous Disclosure Policy, Whitehaven must not publicly disclose price-sensitive information until it has given that information to the ASX and has received an acknowledgment from the ASX that the information has been released to the market. After an acknowledgment has been received from the ASX, information disclosed to the ASX should be promptly placed on Whitehaven's website. This policy can be viewed on Whitehaven's website.

## Principle 6 – Respect the Rights of Shareholders

The Board recognises the importance of ensuring that shareholders are kept informed of all major developments affecting the Company. Information is communicated to shareholders in the following ways:

- regular announcements are made to the ASX in accordance with the Company's continuous disclosure obligations, including quarterly reports, half-year results, full-year results and an Annual Report. These announcements, as well as information regarding the Company and its governance, are available on Whitehaven's website;
- Whitehaven's Annual Report is delivered to those shareholders who have elected to receive it;
- through participation at the Company's Annual General Meeting. The Board encourages full participation of shareholders at the Annual General Meeting;
- the Company's external auditors attend the Annual General Meeting and are available to answer shareholders' questions.

Shareholders are able to receive communications from, and send communications to, Whitehaven or its share registry electronically.

## Principle 7 – Recognise and Manage Risk

Whitehaven recognises that risk is a part of doing business and that effective risk management is fundamental to achieving the Company's strategic and operational objectives.

Whitehaven has a Risk Management Framework which provides the approach, infrastructure and processes for risk management at the Company. This Framework is constantly evolving, enabling the Company to manage its risks effectively and efficiently. The key components of the Framework are as follows:

**Risk Management Policy** - this Policy provides an overview of Whitehaven's approach to risk management, and includes a summary of the roles and responsibilities of both the Board and management.

**Risk Management Standards** – these Standards address the identification, assessment and management of all material risks that could impact the Company's objectives.

**Risk Management Guidelines** – these Guidelines provide guidance to Directors and management as to what needs to be done to meet the objectives of the Risk Management Policy and the Risk Management Standards.

Under the supervision of the Board, management is responsible for identifying and managing risks.

The Board is responsible for ensuring that a sound system of risk oversight and management exists and that internal controls are effective. In particular, the Board ensures that the principal strategic, operational, financial reporting and compliance risks are identified, and that systems are in place to manage and report on these risks. The Board conducts a review of the risk management framework at least annually to satisfy itself that it continues to be sound. The Board undertook this review during the financial year and is satisfied that Whitehaven's risk management framework remains sound.

The Board, together with management, constantly seeks to identify, monitor and mitigate risk. Internal controls are monitored on a continuous basis and, wherever possible, improved.

The Board is also assisted by the Audit and Risk Management Committee to oversee financial reporting risks by reviewing the major risks affecting each business segment and developing, and recommending to the Board, strategies to mitigate these. The Health, Safety, Environment and Community Committee also assists the Board to oversee and minimise health, safety and environmental risks. The Charters which set out the specific responsibilities of these Committees are available on Whitehaven's website.

Whitehaven does not have a formal internal audit function. Whitehaven divides responsibility for internal audit activities between management, the Audit and Risk Management Committee, the Health, Safety, Environment and Community Committee and the Board. One of Whitehaven's key risk management systems is its internal risk register which is used for the purposes of reporting to the Board regarding material risks within the Group and how these have been managed. This process is aimed at ensuring the Company's risk management framework and system of internal control are continually being monitored and evaluated.

## Material Business Risks

Whitehaven's business is subject to various risks, including the material economic, environmental and social sustainability risks summarised below. This not an exhaustive list of all the risks that may affect the Company.

### Volatility in Coal Prices

The Company's future financial performance will be impacted by future coal prices. Factors which affect coal prices include the outcome of future sales contract negotiations, general economic activity, industrial production levels, changes in foreign exchange rates, changes in coal demand, changes in the supply of seaborne coal, changes in international freight rates and the cost of substitutes for coal. The Company does not currently hedge against coal price volatility.

### Foreign Currency Risk

As the Company's sales are predominantly denominated in US dollars, adverse fluctuations in the US\$/A\$ exchange rate may negatively impact the Group's financial position.

The Company uses forward exchange contracts to hedge some of this currency risk in accordance with a hedging policy approved by the Board of Directors.

### Operating Risks

The Company's coal mining operations are subject to operating risks that could impact the amount of coal produced at its coal mines, delay coal deliveries or increase the cost of mining for varying lengths of time. Such difficulties include weather and natural disasters, unexpected maintenance or technical problems, failure of key equipment, higher than expected rehabilitation costs, industrial action and higher than expected labour costs.

Geological uncertainty is also an inherent operational risk which could result in pit wall failures or rock falls, mine collapse, cave-ins or other failures to mine infrastructure.

The Company has in place a framework for the management of operational risks and a comprehensive group insurance program which provides insurance coverage for a number of these operating risks.

### Infrastructure Risks

Coal produced from Whitehaven's mining operations is transported to customers by a combination rail and ship. A number of factors could disrupt these transport services, including a failure of infrastructure providers to increase capacity in order to meet future export requirements.

Rail and port capacity is obtained predominantly through long-term contract arrangements which include take-or-pay provisions which require payments to be made irrespective of whether the service is used. In the event utilised capacity is below contracted capacity, there is a risk Whitehaven will be required to pay take-or-pay charges for capacity which is not used. Whitehaven seeks to align these take-or-pay infrastructure obligations with the Company's forecasted future production.

### Geology Risks

There are inherent risks associated with estimating coal Resources and Reserves, including subjective judgements and determinations as to coal quality, geological conditions, tonnage and strip ratio. The Company's Resource and Reserve estimates are determined by suitably qualified competent persons in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

### Environment and Safety Risks and Licence to Operate

A range of health, safety and environmental risks exist with coal mining activities. Accidents, environmental incidents and real or perceived threats to the environment or the amenity of local communities could result in a loss of the Company's social licence to operate leading to delays, disruption or the shut-down of operations. Potential environment and safety risks include equipment failure, human errors in underground operations, vehicle and mining equipment interactions in open cut operations, roof fall hazards in underground operations and spontaneous combustion risks.

The Company engages with a number of different stakeholders in the communities within which it operates. Stakeholder related risks include:

- the requirement to comply with the *Native Title Act 1993* (Cth) which can delay the grant of mining tenements and impact the timing of exploration, development and production operations;
- the ability to reach agreement with local landholders in relation to acquisition and/or access terms which may delay the timing of project development; and
- notwithstanding the contributions made to the communities within which the Company operates, local communities may become dissatisfied with the impact of operations or oppose new development projects. There is also the possibility of anti-coal activism targeted towards the Company's projects.

Whitehaven has a comprehensive environmental, health and safety management system to mitigate the risk of incidents and to ensure compliance with environmental and safety laws. The Company also has a dedicated community relations team that engage with local communities to ensure that community issues are understood and addressed appropriately.

Details of how the Company engages effectively with the communities in which we operate and steps which the Company takes to maintain its social licence to operate are set out in the Sustainability Report contained in the Company's 2018 Annual Report.

### Environmental Regulation

The coal sector is subject to a broad range of environmental laws, regulations and standards including in relation to greenhouse gas emissions. Evolving regulation and standards could result in increased costs, regulatory action, litigation or, in extreme cases, threaten the viability of an operation.

Whitehaven actively monitors legislative and regulatory developments and engages appropriately with legislative and regulatory bodies to manage this risk.

### Acquisitions and Commercial Transactions

Acquisitions and commercial transactions undertaken with the objective of growing the Company's portfolio of assets are subject to a number of risks which may impact the ability to deliver anticipated value. Risks associated with acquisitions include:

- operational performance of acquired assets not meeting expectations;
- anticipated synergies or cost savings being delayed or not being achieved;
- adverse market reaction to proposed transactions; and
- the imposition of unfavourable or unforeseen conditions, obligations or liabilities.

Whitehaven's commercial processes are designed to reduce the likelihood of these risks materialising as a result of a commercial transaction.



## Counterparty Risk

The Company deals with a number of counterparties, including joint venture partners, suppliers and customers. Counterparty risks include:

- Non-supply or changes to the quality of key inputs which may impact costs and production at operations;
- Failure to reach agreement with joint venture partners which could impact the Company's ability to optimise value from its projects; and
- Failure of customers to perform against long-term take-or-pay agreements.

Counterparty risk is assessed prior to entry into any new arrangements and, if necessary, appropriate risk control mechanisms are put in place. Whitehaven proactively engages with its counterparties to manage instances of non-supply and quality control and to ensure alignment of expectations.

## Development Risks

There is a risk that circumstances (including unforeseen circumstances) may cause delays to project development, exploration milestones or other operating factors, resulting in the receipt of revenue at a date later than expected. Additionally, the construction of new projects/expansion by the Company may exceed the currently envisaged timeframe or cost for a variety of reasons outside of the control of the Company.

## Climate Change Risk

The physical and non-physical impacts of climate change may affect the Company's assets, production and the coal markets where its high quality coal products are sold. These impacts may include severity and frequency of weather patterns, policy and regulatory change, technological development and coal demand responses.

The International Energy Agency (IEA) has forecast under its New Policies Scenario (its central scenario, which assumes that all of the Nationally Determined Commitments (NDCs) as provided by countries after the 2015 Paris COP21 meeting are met in full) that global coal demand will continue to grow until at least 2040 – with particularly strong demand in the broad Asian region, Whitehaven's key export market. The IEA regularly makes projections about world coal demand based on various future scenarios for energy development. The New Policies Scenario is the IEA's central scenario in its most recent World Energy Outlook (2017). Alternate scenarios include the Current Policies Scenario (highest projected coal usage) and the 450 Scenario (lowest projected coal usage). Further details are available at: <https://webstore.iea.org/world-energy-outlook>.

## Principle 8 – Remunerate Fairly and Responsibly

Whitehaven's remuneration policy and practices are designed to attract, motivate and retain high quality people. The policy is built around the following principles:

- remuneration being competitive in the markets in which the Company operates; and
- remuneration being linked to Company performance and the creation of shareholder value.

Whitehaven has a Remuneration Committee whose responsibilities include considering the Company's remuneration strategy and policy, overseeing the Company's human resources strategy and making recommendations to the Board that are in the best interests of the Company and its shareholders. The Committee is comprised of a majority of independent Directors, is chaired by an independent Director and has three members.

The Remuneration Committee has a formal charter which sets out its roles and responsibilities, composition structure and membership requirements. A copy of this charter can be viewed on Whitehaven's website.

The remuneration of non-executive Directors is fixed by way of cash and statutory superannuation contributions. Non-executive Directors do not receive any options, bonus payments or other performance related incentives, nor are they provided with any retirement benefits.

More information relating to the remuneration of non-executive Directors and senior managers is set out in the Remuneration Report in the 2018 Annual Report. As required by the Corporations Act 2001 (Cth), a resolution that the Remuneration Report be adopted will be put to the vote at the Annual General Meeting, however the vote will be advisory only and will not bind the Directors of the Company.

Under Whitehaven's Securities Trading Policy, members of the Company's key management personnel and other employees nominated by the Board must not enter into hedging arrangements over their unvested securities. A copy of the Policy can be viewed on Whitehaven's website.

## CORPORATE RESPONSIBILITY – TAXATION

Whitehaven recognises and accepts its responsibility to comply with all laws relating to the reporting and payment of all taxes on a timely basis. The tax strategies, policies, resources, procedures and controls set in place by the Board, management and staff should at all times support this status.

The Board has approved a Tax Governance and Risk Management Framework under its Audit & Risk Management Committee to ensure:

- The assessment of tax risk, functions and profiles and roles of key parties;
- The escalation to the Board of matters of a material impact;
- The communication of the strategic intent of the group to key parties;
- The identification of key tax liabilities and relevant compliance reporting functions and the assessment of the factors which may impact on these;
- The specific roles and required capabilities of management, staff and advisors; and
- The periodic review of its tax functions.

This Corporate Governance Statement is current as at 24 September 2018 and has been approved by the Board.