



Magontec Limited
Corporate Governance Policies Overview

Approved: 24th February 2016

This policy document outlines the corporate governance framework and makes reference to documents relating to Magontec Limited's (MGL) adherence to ASX Corporate Governance Principles and Recommendations.

The Directors are responsible for protecting the rights and interests of the Shareholders through the development of sound strategies, ensuring their implementation, and by the development of an integrated framework of controls over the Company's resources, functions and assets.

Board of Directors

Responsibilities

The Board's responsibilities include:

- Ensuring there are strong business controls and ethical standards/policies of behavior, including oversight of corporate governance processes
- Ensuring the significant risks facing the business have been identified and appropriate and adequate control monitoring and reporting mechanisms are in place including policies relating to continuous disclosure
- Determining strategic directions and establishing goals for management and monitoring performance against these goals and objectives.
- Appointing the Chairman and Chief Executive Officer or equivalent, evaluating performance and determining the remuneration of the Chief Executive Officer and senior executives.
- Ensuring there are policies and procedures for recruitment, training, remuneration and succession planning.
- Approving budgets and major capital expenditure

Composition of the Board

The Board reviews the mix of experience, expertise and other qualities of the Directors. If a vacancy occurs on the Board, or if the Board is to be increased, the Board will identify the experience, expertise and other qualities sought and identify appropriate candidates.

Independent Professional Advice

Normally, when advice is required by Board members, it is sought as advice for the full Board and each member has unrestricted access to that advice and may suggest issues on which such advice should be sought.

However, if an individual Director requires separate advice then, with the prior approval of the Chairman, which must not be unreasonably withheld, that Director may seek that advice at the Company's expense. Such advice should be made available to other Board members.

Shareholder Communication

Through regular shareholder communications such as the Annual Report, Quarterly Reports, periodic Stock Exchange Reports and a regularly updated website, the Board informs shareholders of significant developments affecting the Company. Refer to the MGL “Continuous Disclosure Policy” for more details.

Business Control Framework

The Board is responsible for the overall business control framework, but recognises that cost-effective control systems will not necessarily preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated a business control framework designed to safeguard the Group’s significant assets and interests, minimize the major operating risks and to ensure the integrity of reporting.

The internal control framework is made up of the following elements:

- Financial reporting – there is an annual budget process, the results of which are approved by the Directors. Monthly actual results are reported against budget.
- A framework of Policies and Procedures covering the administrative and operating activities of the business.

COMMITTEES OF THE BOARD

To assist in the execution of these responsibilities, the Board of MGL has established the following committees:

- a) Finance, Audit & Compliance (FAC) Committee, and
- b) Remuneration & Appointments (REM) Committee

Finance, Audit & Compliance (FAC) Committee

The FAC Committee considers matters relating to the financial affairs of MGL, including related information technology and legal requirements and reviews the business controls framework.

It reviews the findings of informal audit processes and the external auditor report to the Board. In addition, the Committee examines any other matters referred to it by the Board and reports to the Board on such matters.

The Committee gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining accounting policies for inclusion in financial statements.

The Committee’s terms of reference are set out in the “Finance, Audit & Compliance Committee Charter” which can be found at www.magontec.com in the Corporate Governance section.

Remuneration & Appointments (REM) Committee

MGL believes that the overall success of the business is achieved by linking corporate goals to the performance objectives of each individual and that this aspiration should be underpinned by an appropriately structured compensation system which reinforces the desired performance culture.

The role of the REM Committee is to:

- Consider Board competencies
- Oversee the appointment of Board members where requested by the full board
- Review and make recommendations to the Board on appropriate remuneration levels policies and packages for the CEO and key management personnel.

Key management personnel are defined as those executives reporting directly to the CEO, or equivalent.

Where considered necessary, the committee obtains independent advice on the appropriateness of remuneration practices and makes recommendations to the Board on MGL's ability to competitively attract, retain and motivate appropriately qualified and experienced staff. The committee also retains responsibility for the succession planning of critical management positions.

The Committee's terms of reference are set out in the "Remuneration & Appointments Committee Charter" which can be found at www.magontec.com in the Corporate Governance section.