



**CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

The policies and practices developed and implemented by the Board over many years meet or exceed the Principles and Recommendations set out in ASX's 3rd Edition Corporate Governance Council guidelines (ASX guidelines) which were amended in March 2014 (from the 2nd Edition, 2010) and became effective for a company's first full financial year on or after 1 July 2014. The 4th edition of the ASX Guidelines were released in February 2019 and come into force for the financial years commencing on or after 1 January 2020.

This statement was approved by the Board of ALS and is current as at 26 June 2019. The statement and information identified therein are available on the Company's website at www.alsglobal.com under the Corporate Governance section.

| ASX Recommendation | Statement commentary | Compliant with ASX Recommendation | |
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| <p>Principle 1: Lay solid foundations for management and oversight</p> <p>A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.</p> | | | |
| 1.1 | <p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p> | <p>The Board's role is to govern the Company rather than to manage it. It is the role of executive management to manage the Company in accordance with the direction and delegations of the Board and the responsibilities of the Board to oversee the activities of management in carrying out these delegated duties.[Rec 1.1(a)(b)]</p> <p>A summary of the Company's board charter is posted on the Company's website which sets out the role, powers and responsibilities of the Board.</p> | Yes |
| 1.2 | <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or</p> | <p>Any director that is being considered for appointment to the ALS Board will be subject to background and probity checks to verify their educational and employment history and to determine if they possess skills and experience that is complementary to the efficient operation and functioning of the Board. This process was undertaken in respect of the appointment of Siddhartha Kadia to the Board in January 15, 2019[Rec1.2(a)] At the upcoming 2019 AGM to be held 31 July 2019, Tonianne Dwyer and Siddhartha Kadia will stand for re-election and election, respectively. Security holders will be provided with all material information in the AGM Notice relevant to a decision on whether to re-elect Tonianne Dwyer and elect Siddhartha</p> | Yes |

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| | not to elect or re-elect a director. | Kadia as non-executive directors for a 3-year term. [Rec 1.2(b)] | |
| 1.3 | A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | <p>Directors are not appointed for specific terms and are subject to rotational requirements for re-election. Criterion for continued office is effective contribution, which is regularly reviewed in the evaluation of the Board's performance. All Non-executive directors and senior executives have written agreements setting out the terms of their appointment. [Rec 1.3]</p> <p>On 15 January 2019 Siddhartha Kadia was appointed as a non-executive director. Details of Mr Kadia's appointment were notified to the ASX at that time.</p> | Yes |
| 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 Board has access to the Company Secretary (who is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board) and has procedures for the provision of information, including requests for additional information.[Rec 1.4] | Yes |
| 1.5 | <p>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>i. the respective proportions of men and women on the</p> | <p>Diversity</p> <p>The Company recognises that a diverse and inclusive workforce is not only good for our employees, it is also good for our business.</p> <p>The Company has established a Diversity Policy that is reviewed and approved by the Board which contains measurable objectives for key diversity categories, including recruitment, leadership development and pay equity [1.5(a)].</p> <p>The Company's Diversity Policy is published on the Group's website [1.5(b)].</p> <p>The Company's Diversity Policy is based on the following key principles, reflective of the ASX guidelines on diversity:</p> <ol style="list-style-type: none"> 1. Treat others with respect, value differences and maintain privacy; 2. Value diversity and it will bring opportunities to enhance our businesses; 3. Women and minority cultural groups will not be disadvantaged in gaining employment and accessing the benefits and privileges that other persons in the company enjoy in their employment with the Company; | Yes |

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| <p>board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes); or</p> <p>ii. 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>4. Transparency will be exercised in all recruitment decisions from Board level to entry level;</p> <p>5. Workforce composition statistics will be reviewed annually to determine if there are any areas that warrant an increased focus on diversity; and</p> <p>6. Public reporting of progress against the Company’s diversity objectives.</p> <p>A summary of the matters required to be reported each year is contained in the People section of the 2019 Sustainability Report under Diversity & Equity. [Rec 1.5(c)(i)(ii)]</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>Board performance</p> <p>The Board undertakes an annual review of its performance, and each of the Committees and individual directors. A Board Performance review and skills evaluation was carried out during the year. [Rec 1.6(a)(b)]</p> | Yes |
| <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>Executive performance</p> <p>The Board undertakes an annual review and assessment of the Group’s executive management. An Executive Management Performance review was carried out during the year.[Rec 1.7(a)(b)]</p> | Yes |
| <p>Principle 2: Structure the board to add value</p> <p>A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</p> | | |

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| <p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director, <p>and disclose:</p> <ul style="list-style-type: none"> iii. the charter of the committee; iv. the members of the committee; and v. 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>(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>Nomination Committee</p> <p>The full Board is the Nomination Committee and regularly reviews Board membership. This includes an assessment of the necessary and desirable competencies of Board members, Board succession plans, evaluation of the Board's performance and consideration of appointments and removals.[Rec 2.1]</p> <p>The Committee met during the financial year as part of their regular Board meetings [Rec 2.1(a)(iv)] to review the skills, experience, expertise and personal qualities that will best complement the Board's effectiveness in future years as part of its board renewal and succession planning processes undertaken during the year.</p> <p>Following an extensive global search for suitable international non-executive director Siddhartha Kadia was appointed as an independent non-executive director of the Company on 15 January 2019.</p> <p>A summary of the role, rights and responsibilities of the Nomination Committee, as well as the committee's policy for appointment of directors, is available on the Company's website.[Rec 2.1(a)(i)(ii)(iii)(iv)(v)]</p> | <p>Yes</p> |
| <p>2.2 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>When a Board vacancy occurs, the Nomination Committee identifies the particular skills, diversity, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria. During the year, the Board identified Siddhartha Kadia to have the requisite skills, diversity, experience and expertise to join the Board as an independent non-executive director. [Rec 2.2]</p> | |

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| | <p>The Board will be undertaking a review of the performance of Tonianne Dwyer, who stands for re-election at the AGM in August 2019.</p> <p>A skills matrix (disclosed below) is utilised to assess the relevant criteria of candidates for appointment to the Board.[Rec 2.2]</p> <table border="1" data-bbox="662 504 1193 1554"> <tr><td>Board skills matrix</td></tr> <tr><td>Professional Skills and experience</td></tr> <tr><td>Strategy</td></tr> <tr><td>Policy Development.</td></tr> <tr><td>Financial Performance /Accounting</td></tr> <tr><td>Treasury, Finance and funding</td></tr> <tr><td>Risk and Compliance Oversight</td></tr> <tr><td>Corporate Governance</td></tr> <tr><td>Executive Management</td></tr> <tr><td>Commercial Experience</td></tr> <tr><td>Mergers and Acquisitions</td></tr> <tr><td>Government/ Regulator</td></tr> <tr><td>Legal</td></tr> <tr><td>Talent Management</td></tr> <tr><td>Remuneration</td></tr> <tr><td>Investor Relations and Stakeholder Management</td></tr> <tr><td>IT Systems, process improvement/change management</td></tr> <tr><td>Industry Skills and experience</td></tr> <tr><td>Analytical and testing services and consulting</td></tr> <tr><td>Regulatory and business environment</td></tr> <tr><td>Testing, Inspection and Certification market</td></tr> <tr><td>Commercial and Corporate</td></tr> <tr><td>Financial Debt and Equity Capital</td></tr> </table> | Board skills matrix | Professional Skills and experience | Strategy | Policy Development. | Financial Performance /Accounting | Treasury, Finance and funding | Risk and Compliance Oversight | Corporate Governance | Executive Management | Commercial Experience | Mergers and Acquisitions | Government/ Regulator | Legal | Talent Management | Remuneration | Investor Relations and Stakeholder Management | IT Systems, process improvement/change management | Industry Skills and experience | Analytical and testing services and consulting | Regulatory and business environment | Testing, Inspection and Certification market | Commercial and Corporate | Financial Debt and Equity Capital | |
| Board skills matrix | | | | | | | | | | | | | | | | | | | | | | | | | |
| Professional Skills and experience | | | | | | | | | | | | | | | | | | | | | | | | | |
| Strategy | | | | | | | | | | | | | | | | | | | | | | | | | |
| Policy Development. | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Performance /Accounting | | | | | | | | | | | | | | | | | | | | | | | | | |
| Treasury, Finance and funding | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk and Compliance Oversight | | | | | | | | | | | | | | | | | | | | | | | | | |
| Corporate Governance | | | | | | | | | | | | | | | | | | | | | | | | | |
| Executive Management | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commercial Experience | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mergers and Acquisitions | | | | | | | | | | | | | | | | | | | | | | | | | |
| Government/ Regulator | | | | | | | | | | | | | | | | | | | | | | | | | |
| Legal | | | | | | | | | | | | | | | | | | | | | | | | | |
| Talent Management | | | | | | | | | | | | | | | | | | | | | | | | | |
| Remuneration | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investor Relations and Stakeholder Management | | | | | | | | | | | | | | | | | | | | | | | | | |
| IT Systems, process improvement/change management | | | | | | | | | | | | | | | | | | | | | | | | | |
| Industry Skills and experience | | | | | | | | | | | | | | | | | | | | | | | | | |
| Analytical and testing services and consulting | | | | | | | | | | | | | | | | | | | | | | | | | |
| Regulatory and business environment | | | | | | | | | | | | | | | | | | | | | | | | | |
| Testing, Inspection and Certification market | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commercial and Corporate | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Debt and Equity Capital | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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</p> | <p>Independence of directors</p> <p>The Board considers that all current directors, other than the Managing Director, Raj Naran, to be independent of management influence.[Rec 2.3(a)]</p> <p>The Board distinguishes between the concept of independence, and the issues of conflict of interest or material personal interests which may arise from time to time. Wherever there is an actual or potential conflict of interest or</p> | Yes | | | | | | | | | | | | | | | | | | | | | | |

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| <p>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>material personal interest, the Board's policies and procedures ensure that:</p> <ul style="list-style-type: none"> • the interest is fully disclosed and the disclosure is recorded in the register of directors' interests and in the Board minutes; • the relevant director is excluded from all considerations of the matter by the Board; and • the relevant director does not receive any segment of the Board papers or other documents in which there is any reference to the matter. <p>There exists no material professional, business or substantial shareholder relationship by any director with the Company.[Rec 2.3(b)]</p> <p>The names, skills and experience of the directors in office at the date of this Statement, and the period of office of each director, are set out in the Directors' Report and in the Annual Report. [Rec 2.3(a)(b)(c)]</p> <p>Independent professional advice</p> <p>Each director has the right, at the Company's expense, to seek independent professional advice in relation to the execution of Board responsibilities. Prior approval of the Chairman, which will not be unreasonably withheld, is required. Where appropriate, directors share such advice with the other directors.</p> | |
| <p>2.4 A majority of the board of a listed entity should be independent directors.</p> | <p>The Board currently comprises of seven independent non-executive directors (including the Chairman) and one executive director (the Managing Director). [Rec 2.4]</p> <p>With the appointment of 5 new directors over the past 7 years, the Company considers the Board to be independent.</p> | <p>Yes</p> |
| <p>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.</p> | <p>The chairman of the Company is an independent non-executive director.[Rec 2.5]</p> <p>The roles of chairman and chief executive are exercised by separate individuals. [Rec 2.5]</p> | <p>Yes</p> |
| <p>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</p> | <p>The Board provides an appropriate induction program for new directors, which includes onsite visits to operations. Directors have the opportunity for professional development through programs operated by the Australian Institute of Company Directors. [Rec 2.6]</p> | <p>Yes</p> |

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| | perform their role as directors effectively. | | |
| <p>Principle 3: Act ethically and responsibly A listed entity should act ethically and responsibly.</p> | | | |
| 3.1 | <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.</p> | <p>Code of Conduct</p> <p>Through established practices and policies the Board supports the need for directors and employees to observe the highest standards of behaviour and business ethics. All directors, managers and employees are expected to act with integrity, striving at all times to enhance the reputation and performance of the Group. The Board's policies conform with the ASX guidelines.</p> <p>Appropriate training programs on the Group's internal policies including workplace health and safety, environmental law compliance, trade practices legislation and affirmative action programs support this process.</p> <p>The Board recognises that managing "natural, human, social and other forms of capital" may also assist in creating value for shareholders. To this end the Board seeks, by the individual contributions of directors and by encouraging activities of its executives, to uphold community standards and to maintain good relations with community and government organisations. However, the Board seeks to balance these considerations in order to ensure that the claims of legitimate stakeholders do not prejudice or diminish the legitimate expectations of shareholders. The Board does not support a process by which companies are regulated in their dealings in these areas, beyond the consideration of their programs to ensure compliance with legal and ethical standards.</p> <p>A Code of Conduct which draws together all of the Company's policies and codes was updated during the year and is available on the Company's website.[Rec 3.1(a)(b)]</p> | Yes |
| <p>Principle 4: Safeguard integrity in corporate reporting A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.</p> | | | |
| 4.1 | <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> | <p>Audit and Risk Committee</p> <p>The Company has an established Audit and Risk Committee (formerly Audit and Compliance Committee) operating under a written Charter</p> | Yes |

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| <ul style="list-style-type: none"> i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and ii. is chaired by an independent director, who is not the chair of the board, and disclose: iii. the charter of the committee; iv. the relevant qualifications and experience of the members of the committee; and v. 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>(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>approved by the Board which is reviewed annually.</p> <p>The Audit and Risk Committee comprises three independent non-executive directors with an independent chairman who is not also chairman of the Board. The Audit and Risk Committee's Charter was reviewed during the year and affirmed by the Board. The Charter is available, along with other information suggested in the ASX guidelines, on the Company's website.[Rec 4.1(a)(iii)]</p> <p>The names and qualifications of members of the Audit and Risk Committee are set out in the Directors' Report and in the Annual Report. [Rec 4.1(a)(iv)(v)]</p> <p>Other non-executive directors of the Board are entitled to be present at all meetings of the Committee. Meetings of the Committee are attended, by invitation, by the Managing Director, the Chief Financial Officer, the Chief Risk Officer, the engagement partner from the Company's external auditor and such other senior staff or professional people as may be appropriate from time to time.</p> <p>The number of meetings of the Committee held during the year is set out in the Directors' Report.[Rec 4.1(a)(v)]</p> <p>Minutes of all Committee meetings are provided to the Board and the Chairman of the Committee also reports to the Board after each Committee meeting.</p> <p>Auditor independence</p> <p>The external auditor, KPMG, has declared its independence to the Board through its representations to the Committee and provision of its Lead Auditor's Independence Declaration to the Board, stating that there have been no contraventions of auditor independence requirements as set out in the Corporations Act or any auditors' professional code.</p> <p>The Audit and Risk Committee has examined detailed material provided by the external auditor and by management and has satisfied itself that the standards for auditor independence and associated issues are fully complied with.</p> | |
| 4.2 | <p>Certification of financial reports</p> <p>The Managing Director and Chief Financial Officer state in writing to the Board each reporting period that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in</p> | Yes |

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| | <p>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>accordance with relevant accounting standards. The statements from the Managing Director and Chief Financial Officer are based on a formal sign off framework established throughout the Company and reviewed by the Audit and Risk Committee as part of the six-monthly financial reporting process.[Rec 4.2]</p> <p>Certification of risk management controls</p> <p>In conjunction with the certification of financial reports under Rec 4.2, the Managing Director and Chief Financial Officer state in writing to the Board each reporting period that:</p> <ul style="list-style-type: none"> the statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects. <p>Financial controls</p> <p>The Chief Financial Officer reports in writing and personally to each Board meeting, attends all meetings of the Audit and Risk Committee and provides written reports to that Committee.</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>Availability of auditor at AGM</p> <p>The senior engagement partner (or his representative) of the Company's external auditor, KPMG, attends the Company's annual general meetings and is available to answer questions from shareholders about the audit. The Chairman advises the shareholders of this at the commencement of each annual general meeting.[Rec 4.3]</p> | Yes |
| <p>Principle 5: Make timely and balanced disclosure</p> <p>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</p> | | | |

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| 5.1 | <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p> | <p>Continuous Disclosure</p> <p>The Company has established policies and procedures for timely disclosure of material information concerning the Company. This includes internal reporting procedures in place to ensure that any material price sensitive information is reported to the Company Secretary in a timely manner. These policies and procedures are regularly reviewed to ensure that the Company complies with its obligations at law and under the ASX Listing Rules.</p> <p>The Company has a Continuous Disclosure policy which is published on the Company's website.[Rec 5.1(a)(b)]</p> <p>The Company undertook a review of its Continuous Disclosure policy during the year.</p> <p>The Company Secretary is responsible for communications with the Australian Securities Exchange (ASX) including responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing information going to the ASX, shareholders and other interested parties. The matter of continuous disclosure is a permanent item on the agenda for all Board meetings and is specifically addressed by each director at those meetings.</p> <p>Other Disclosure</p> <p>The directors have obligations under a Disclosure of Interests and Transactions in Securities Agreement entered into with the Company to inform the Company of any securities trading in the Company.</p> <p>The directors have made disclosure that they have no material margin lending terms in relation to their holding of Company securities.</p> <p>Announcements made to the ASX by the Company are published on the Company's website.</p> | Yes |
| <p>Principle 6: Respect the rights of security holders</p> <p>A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.</p> | | | |
| 6.1 | <p>A listed entity should provide information about itself and its governance to investors via its website.</p> | <p>Communications strategy</p> <p>The Company aims to keep shareholders informed of the Company's performance and all major developments in an ongoing manner. Information is communicated to shareholders through:</p> | Yes |

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| | | <ul style="list-style-type: none"> • the annual report which is published on the Company's website and distributed to shareholders where specifically requested; • the full year and half-year investor presentations which are published on the Company's website; and • other correspondence regarding matters impacting on shareholders as required. <p>All material documents that are released publicly are made available on the Company's web site.</p> <p>Shareholders are able to view relevant Corporate Governance documents and Investor information on the Company's website at www.alsglobal.com. [Rec 6.1]</p> <p>The Company will be publishing its 2019 Sustainability Report on its website in June 2019.</p> | |
| 6.2 | A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors. | <p>The Managing Director usually holds post-results (full year and interim) teleconferences and meetings with financial analysts and institutional investors.[Rec 6.2]</p> <p>Investor Days are also held during the year.</p> | Yes |
| 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. | <p>Shareholders are also encouraged to participate in the Annual General Meeting (AGM) to ensure a high level of accountability and identification with the Company's strategies and goals. Important issues are presented to shareholders as separate resolutions.</p> <p>Shareholders who are unable to attend the AGM may vote by appointing a proxy using the form included with the Notice of Meeting or via the online facility. The Company's Constitution allows for direct voting at the AGM, allowing shareholders to vote before the meeting without having to attend or appoint a proxy. Further, shareholders are also invited to submit questions in advance of the AGM so that the Company can ensure those issues are addressed at the meeting.[Rec 6.3]</p> <p>For the 2019 AGM, it is intended to webcast proceedings.</p> | Yes |
| 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. | <p>Shareholders have the option to receive communications from, and send communications to, the Company and its share registry, Boardroom Pty Limited, electronically.[Rec 6.4]</p> <p>An active campaign is currently being undertaken to try and get more shareholders</p> | Yes |

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| | to provide their email addresses and bank account details so as communications can be sent to them electronically and payment of dividends made directly. | | |
| <p>Principle 7: Recognise and manage risk</p> <p>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</p> | | | |
| 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>i. has at least three members, a majority of whom are independent directors; and</p> <p>ii. is chaired by an independent director, and disclose:</p> <p>iii. the charter of the committee;</p> <p>iv. the members of the committee; and</p> <p>v. 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>Oversight of the risk management function</p> <p>The Company places a high priority on risk management and identification throughout the Group's operations and regularly reviews its adequacy in this regard. The Company incorporates the oversight of risk management within its Audit and Risk Committee (refer Principle 4).[Rec 7.1(a)]</p> <p>Under the guidance of the Audit and Risk Committee, a comprehensive risk control program has been developed which includes legislative compliance and property protection audits using risk assessors, self-audits, engineering and professional advisers.</p> <p>Matters in relation to health, safety and the environment are now carried out by a separate Sustainability Committee set up the Board at the beginning of FY2019 [refer Rec 7.4 for further details].</p> <p>The Chief Risk Officer reports in writing to the Board each month and personally to meetings of the Audit and Risk Committee and supervises not only the six-monthly sign off process but also the follow up of any non-compliances or identified areas requiring further training or risk management.</p> <p>The Company's Risk Management Policy and internal compliance and control system were reviewed and re-affirmed during the year and are available on the Company's website.</p> | Yes |
| 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</p> | <p>The Company has a qualified Chief Risk Officer who oversees the design and implementation of the risk control program, monitors performance and develops appropriate programs to enhance awareness and compliance. These programs include training for employees, using both internal and external</p> | Yes |

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| | <p>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>experts. Regular review meetings are held with divisional general managers and senior personnel to provide guidance and strategies for implementation of risk mitigation measures in their businesses.</p> <p>During the year, the Audit & Risk Committee reviewed and the Board adopted the Risk Management Program presented by the Chief Risk Officer, which outlined the Group's overall risk profile and the Group's management of its material business risks.[Rec 7.2(a)(b)]</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>Internal audit</p> <p>The company has established robust internal assurance processes including a dedicated internal audit program. The company utilises both external and internal resources to provide an internal audit function. [Rec 7.3(b)]</p> <p>The company is mindful to ensure a suitable level of independence is achieved in this internal control program and regularly reports to the Audit and Risk Committee in an objective manner allowing for assurance that key risks are being accurately evaluated and reported. Coordination of the internal controls program is undertaken by the Chief Risk Officer who operates in a corporate role and is independent to the Business Divisions.</p> <p>An internal audit plan is established and designed to provide a suitable level of assurance to the CEO and Audit and Risk Committee that internal controls are operating effectively and efficiently.</p> <p>A number of different approaches are utilised as part of the Internal Audit Plan. These include:</p> <ul style="list-style-type: none"> • Peer reviews using the financial controllers independent to their own business divisions undertaking audits across the group within their area of expertise e.g. finance, tax, accounting practices, etc., • Control self-assessments completed by divisional financial controllers using a standardised review checklist, • Utilisation of external audit firms to review specific risks in certain areas, • Investigation reporting using Forensic Data Analytics tools, • Six-monthly accounting sign-offs completed by all financial controllers, • Fraud control plan (reviewing the effectiveness of dissemination of Code of Conduct, the company's Whistleblower policy, and monitoring of the | Yes |

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| | whistleblower program - ALS Integrity Hotline). | |
| 7.4 | <p>Economic, Environmental and Social Sustainability Monitoring</p> <p>ALS acknowledge the need to focus on the risk surrounding social responsibility and accordingly have implemented a number of standards to address economic, environmental and social sustainability risks that are monitored across all of its businesses. Risks associated with economic, environmental and social sustainability have been included on the Company's material business risk register to ensure they are included in a robust risk assessment and management process.</p> <p>The Sustainability Committee is chaired by independent non-executive director, Charlie Sartain whom assists the Board with effective discharge of its responsibilities in relation to oversight and review of the above matters. The Company's Chief Risk Officer oversees and manages the design and implementation of the sustainability program, monitors performance and develops appropriate programs to enhance awareness and compliance.</p> <p>The names and qualifications of members of the Sustainability Committee are set out in the Directors' Report within the Annual Report.</p> <p>Other non-executive directors of the Board are entitled to be present at all meetings of the Committee. Meetings of the Committee are attended, by invitation, by the Managing Director, the Chief Risk Officer, the General Counsel & Company Secretary and such other senior staff or professional people as may be appropriate from time to time.</p> <p>The number of meetings of the Committee held during the year is set out in the Directors' Report.</p> <p>Minutes of Committee meetings and an update from the Committee Chairman is provided to the Board after each Committee meeting.</p> <p>As part of its reporting commitment, the Company will be publishing its 2019 Sustainability Report in June 2019 which will be made available on its website.</p> <p>The report will be guided by the Global Reporting Initiative (GRI) principles and include disclosures of material environmental, social and governance (ESG) risks of the Company's business activities, and how these are managed.</p> | Yes |

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| <p>Principle 8: Remunerate fairly and responsibly</p> <p>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.</p> | | | |
| 8.1 | <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director, and disclose: iii. the charter of the committee; iv. the members of the committee; and v. 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>(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 People Committee (formerly the Remuneration Committee) of the Board of Directors is responsible for reviewing and recommending compensation arrangements for the directors, the chief executive officer and the senior management team. The People Committee assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and management team.</p> <p>People Committee</p> <p>The People Committee comprises three independent non-executive directors with an independent chairman.[Rec 8.1(a)(i)(ii)]</p> <p>Names of members and their attendance at meetings of the Committee are set out in the Directors' Report. [Rec 8.1(a)(iv)(v)]</p> <p>The People Committee Charter was reviewed and updated during the year and is available on the Company's website.[Rec 8.1(a)(iii)]</p> <p>Additional elements of focus for the Committee now include performance management for the CEO and executive management, workplace culture, key talent development and succession planning, diversity and broader human resources risk management.</p> | Yes |
| 8.2 | <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of</p> | <p>Executives, other than the non-executive directors, are given the opportunity to receive their base remuneration in the form of cash and non-cash benefits. To assist in achieving these objectives, the Company's remuneration policy links the nature and amount of senior</p> | Yes |

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| | <p>executive directors and other senior executives.</p> <p>executives' remuneration to the Company's financial and operational performance.</p> <p>All key senior executives have the opportunity to qualify for participation in the Company's Short Term Incentive (STI) and Long Term Incentive (LTI) Plans which currently provide benefits where specified performance criteria are met.[Rec 8.2]</p> <p>Key executives are those who are directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.</p> <p>Structure of remuneration</p> <p>The structure of non-executive directors' remuneration and that of executives is set out in the 'Remuneration Report' section of the Directors' Report.</p> <p>During the reporting period, a review was conducted of the Company's remuneration strategy and tools as part of its annual governance program. Where appropriate, adjustments were made to executive remuneration, directors' Committee fees and the LTI Plan. The format of the Remuneration Report is set out to demonstrate the link between remuneration and shareholder wealth creation.</p> <p>Details of the nature and amount of each element of the remuneration of each director of the Company and each key executive of the Company and the consolidated entity having responsibility for its operational performance for the financial year are disclosed in the 'Remuneration Report' section of the Directors' Report. The current non-executive directors' (NED) fee pool of \$1.65 million (inclusive of statutory superannuation) was last approved by shareholders at the 2018 AGM. Rec 8.2]</p> <p>The Company maintains minimum shareholding guidelines for non-executive directors who are expected to build a minimum shareholding of the equivalent of 50% of after-tax fees - this may be built up over a three-year period from date of commencement in 2017.</p> <p>The quantum of the shareholding will be based on cost outlay made to acquire the shares and the fees quantum will be based on net fees assuming the top marginal PAYG Taxation rate.</p> | |

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| | <p>Directors' retirement benefits</p> <p>There are no Directors' retirement benefits other than statutory superannuation.</p> <p>Details are set out in the 'Remuneration Report' section of the Directors' Report.[Rec 8.2]</p> | |
| <p>8.3 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>Share-based plans</p> <p>The People Committee is responsible for reviewing recommendations with respect to issues or grants under the Company's share-based plans. Directors approve issues or grants under the plans only after being satisfied that this is in accordance with the terms of shareholders' approval.</p> <p><i>Long Term Incentive Plan</i></p> <p>Shareholders approved the Company's Long Term Incentive Plan (LTIP) at the 2008 AGM. Under the plan, key employees may be granted conditional performance rights to receive ordinary shares in the Company at no cost to the employees (or in limited cases, to receive cash-settled awards). Details of performance rights granted and vested under the Company's LTIP during the financial year are set out in the Remuneration Report section of the Financial Report.[Rec 8.3]</p> <p>The Board has established written guidelines, set out in its Securities Trading Policy, that include provisions relating to prohibiting directors and senior executives in the Company's from hedging arrangements in relation to any unvested securities of the Company and the requirement to disclose to the Board any securities in the Company that are held as security in a margin loan arrangement.[Rec 8.3(a)]</p> <p>The Securities Trading Policy is published on the Company's website.[Rec 8.3(b)]</p> <p>LTIP rules prohibit those who are granted performance rights from entering into arrangements that limit their exposure to share price decreases in relation to unvested performance rights.[Rec 8.3(a)]</p> <p>A summary of the LTIP rules and the policy on prohibiting arrangements that limit exposure are set out in the Remuneration Report section of the Financial Report.[Rec 8.3(b)]</p> <p><i>Short Term Incentive Plan</i></p> <p>During the year, a deferred service right was incorporated into the KMP Short Term Incentive Plan (KSTIP) whereby, if the financial outperformance target level is achieved, it will</p> | Yes |

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| | <p>result in a portion of the STI payment to be deferred into service rights (with a right to an ALS share upon vesting). The period of deferral will be two (2) years with the executive required to still be employed by the Group at the end of the period to receive the shares.</p> | |