

2016 Corporate Governance Statement

provided pursuant to ASX Listing Rule 4.10.3

Revised ASX Corporate Governance Principles and Recommendations

A third edition of the ASX Recommendations was released on 27 March 2014. The revised ASX Recommendations took effect from 1 July 2014.

This Corporate Governance Statement (**CGS**) is provided by the Directors of Bougainville Copper Limited, a company incorporated in Papua New Guinea A.R.B.N. 007 497 869 (**Company**) (ASX: BOC) pursuant to ASX Listing Rule 4.10.3 and reports against the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' 3rd Edition, including the eight principles and 29 specific recommendations included therein (**Recommendations**). This CGS was approved by a resolution of the Board of the Company dated 21 February 2017 and is effective as at 21 February 2017 and is in addition to and supplements the Company's Appendix 4G which is lodged with the ASX together with this CGS. The following describes how the Company complies with the eight principles of the Corporate Governance Principles and Recommendations' 3rd Edition.

Principle 1: Lay solid foundations for management and oversight

ASX Recommendation	Complied	Comment
1.1 A listed entity should disclose: <ul style="list-style-type: none"> (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. 	Yes	(a) The Company has adopted a Board Charter, which underpins the strategic guidance and effective management oversight provided by the Board. The Board Charter discloses specific responsibilities and functions of the Board and provides for the division of responsibility between Board and management by formal delegation and a system of board reserve powers. Prior to 12 September 2016, Rio Tinto provided management services to the Company pursuant to the Management Services Agreement. On 12 September 2016, the Management Services Agreement between the Company and Rio Tinto was terminated. As a result, the Company is now an independently managed Papua New Guinea company. Since 12 September 2016, the Company Secretary and Community Relations Manager have provided management services to the Company under consultancy services agreements. On 1 January 2017 an Executive General Manager was retained under a consultancy services agreement. Going forward, due to the Company's small size and non-operational status, there is no Managing Director. The Company intends that the management team will report directly to the Chairman of the Board.

The board reviews the Board Charter on an annual basis. The Board Charter is available at <http://www.bcl.com.pg/investors-2/charters-important-documents/>. The roles and responsibilities of the board, the Company's chairman, individual directors and management are outlined in various sections of this CGS and in the Company's Board Charter, specifically the following paragraphs of the Company's Board Charter:

(i) Board – The role of the Board is to determine on behalf of shareholders the strategic direction of the Company, regularly review the appropriateness of it and oversee its implementation.

(ii) Management – It is not the role of the Board to manage the Company itself but rather to monitor the management and performance of the business.

(b) The board is responsible for setting and reviewing the strategy and business plans of the Company, and monitoring the performance of the Company against these plans. The directors also monitor compliance with policies prescribed by the board in areas such as code of conduct, workplace health and safety, environment, business integrity, internal control and risk management. These policies are designed to ensure that the Company complies with the regulatory requirements governing its operations. Without intending to limit this general role of the board, the specific functions and responsibilities of the board include those matters particularised in the Company's Board Charter. Management is separately responsible for the ongoing management of the Company in accordance with the strategy and business plans approved by the Board as outlined in the Company's Board Charter. Due to the Company's small size and non-operational status, there is no Managing Director. The Company intends that the management team will report directly to the Chairman of the Board.

In carrying out its responsibilities and powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Company's shareholders and all other stakeholders.

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 not to elect or re-elect a director.</p>	Yes	<p>(a) The Company undertakes such checks as it considers appropriate in order to verify a person's character, experience, education and background prior to their appointment or re-appointment as a director, or putting them forward to shareholders as a candidate for election or re-election as a director. The Company does not have a nomination committee as recommended by the ASX Principles. The board considers that its existing practices in reviewing director competencies, board succession planning, board performance evaluation and director selection and nomination, carried out in accordance with the Board Charter, are satisfactory and are appropriate given the size of the board, the Company's current ownership structure and the non-operational status of the Company's operations.</p> <p>(b) The Company provides shareholders with all material information in its possession relevant to its decision on whether to elect or re-elect a director as part of the information circular for each annual general meeting of the Company.</p> <p>Prior to nomination of a prospective non-executive director for election or re-election, the board obtains from the prospective candidate:</p> <ul style="list-style-type: none"> • details of other commitments of the candidate and an indication of time involved; and
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			<ul style="list-style-type: none"> an acknowledgement to the Company that the candidate will have sufficient time to fulfil responsibilities as a director. <p>When a candidate stands for election or re-election as a director, the following information is provided to shareholders on the Company's website and within the Company's Annual Report at page 6 to enable shareholders to make an informed decision in relation to that vote:</p> <ul style="list-style-type: none"> biographical details, including relevant qualifications and experience and the skills the candidate will bring to the board; details of any other material directorships currently held by the candidate; details of any relationship between the candidate and the Company, and the candidate and the Directors of the Company; (if the candidate is standing for re-election) the term of office currently served by the director; any other particulars required by law.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	<p>At the time of joining the Company, directors and senior executives are provided with written agreements setting out the terms of their appointment.</p> <p>(i) Directors – are provided a letter of appointment outlining their duties and responsibilities.</p> <p>(ii) Senior Executives – The Company retains the services of management and consultants under consultancy services agreements.</p>
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.	Yes	<p>The company secretary is accountable directly to the board through the chairman. Responsibilities of the company secretary include providing advice and support to the board and its committees, managing the day to day governance of the Company and assisting with all matters to do with the proper functioning of the board. The company secretary's role includes responsibility for governance, administrative and legislative matters including ensuring that the board processes, procedures and policies are run efficiently and effectively. The company secretary has a direct line of communication with each director. The appointment of the company secretary is approved by resolution of the board.</p>
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>	Yes	<p>(a) The board has adopted a Diversity Policy, which outlines the Company's commitment to ensuring a diverse mix of talent and skills amongst its directors, officers and employees to enhance the Company's financial performance. The Diversity Policy details the board's commitment to engaging directors, contracting management and employees with the best mix of qualifications, skills and experience to develop a cohesive team to achieve business success regardless of gender, age or cultural background.</p>

	<p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	No	<p>(b) The Diversity Policy is available at http://www.bcl.com.pg/investors-2/company-policies/. The Board recognises the importance of diversity to corporate success and considers diversity when appointing people to the Board or contracting their services.</p> <p>(c) Given the size of the board, the non-operational status of the Company and the challenging labour market in Papua New Guinea, the board considers that it is not practical to set measurable objectives for achieving gender diversity as recommended by the ASX Principles. Further, while gender diversity is important, the priority for the Company when recruiting is diversity of experience, background and nationality. As the Company's operations develop, it will consider adopting and setting measurable objectives for achieving gender diversity.</p> <p>(1) In terms of the representation of women in the organisation, the Company has one female director, Dame Carol Kidu and One of the four full time employees is female.</p> <p>(2) The Company is not a 'relevant employer' under the <i>Workplace Gender Equality Act 2012</i> (Cth) because it is not a registered higher education provider or an employer of 100 or more employees in Australia.</p>
1.6	<p>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>	Yes	<p>The board has a practice of annual self-assessment.</p> <p>In 2016, the board performed its annual evaluation which:</p> <ul style="list-style-type: none"> • considered the performance of the directors and the board and the adequacy of the board's structures and processes, including the Board Charter; • considered goals and objectives of the board for the upcoming year; and • considered whether any improvements or changes to the board structures and processes, including the Board Charter and Audit and Risk Committee Charter, were necessary or desirable. <p>The process of evaluation and self-assessment took the form of a questionnaire completed by each of the directors. Following collation, the results and the adequacy and appropriateness of the self-assessment process were considered and discussed by the directors at the next board meeting, and follow-up actions were determined.</p> <p>The Chairman of the board is responsible for performing the collation and review of the individual directors responses and presents the results to the Board for discussion and action. The last review was concluded in February 2017.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p>	Yes	<p>(a) The Board Charter sets out the process to be followed in evaluating the performance of senior executives. Senior executives are retained on Consultancy Services agreements. Management's performance is subject to review in accordance with the Company's performance evaluation process as described in the 2016 annual report of the Company.</p>

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

(b) Performance evaluations were undertaken in accordance with the Company's performance evaluation process. Management's performance was reviewed during 2016 in accordance with the Company's performance evaluation process.

Principle 2: Structure the board to add value

	ASX Recommendation	Complied	Comment
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(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>	Yes	<p>(a) The Company does not have a separate nomination committee for the selection, appointment and re-appointment of directors to the board, as recommended by the ASX Principles. The board, as a whole, currently serves as the Company's nomination committee, with terms of employment negotiated by Company management and, where appointment is for senior executives, for recommendation to the board.</p> <p>(b) The Company does not have a nomination committee as recommended by the ASX Principles. The Board oversees the appointment and induction process for directors and the selection, appointment and succession planning process of the Company's executive management. The appropriate skill mix, personal qualities, expertise and diversity are factors taken into account in each case. When a vacancy exists or there is a need for particular skills, the board determines the selection criteria based on the required skills. The board considers that its existing practices in reviewing director competencies, board succession planning, board performance evaluation and director selection and nomination, carried out in accordance with the Board Charter, are satisfactory to allow the Company to properly fulfil its responsibilities effectively and are appropriate given the size of the board, the Company's current ownership structure and the non-operational status of the Company's operations. The board will continue to monitor and review the director selection process with appropriate actions implemented where operationally desirable and strategically appropriate.</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Yes	<p>The board determines the procedure for the selection and appointment of new directors and the re-election of incumbents in accordance with the Company's Constitution and having regard to the ability of the individual to contribute to the ongoing effectiveness of the board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.</p> <p>Qualification for board membership is related to the mix of skills and knowledge that the board considers will best serve the interests of the Company and all of its shareholders. The board seeks a mix of skills suitable for a small resources company. The mix of skills comprised in the current board, and that the board would look to maintain, and build on, includes:</p>

			<ul style="list-style-type: none"> • mining and production industry expertise; • expertise in management and governance; • high level of business acumen; • technical expertise; • ability to think and plan strategically; • relevant team oriented behavioural characteristics (such as effective communicators and listeners); and • Papua New Guinea cultural, community, social and political knowledge and expertise. <p>The mix of skills of the current board is set out in the Company's annual report on page 6.</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Yes	<p>(a) The board consists of four independent non-executive directors, Robert Burns, Sir Rabbie Namaliu, Dame Carol Kidu and Sir Moi Avei. Each director is not in any other relationship with the Company, the management of the Company or a substantial shareholder of the Company affecting their independent status.</p> <p>(b) Not applicable.</p> <p>(c) The directors were appointed to the board as follows:</p> <ul style="list-style-type: none"> • Mr Robert Staley Burns – 3 January 2006 • Sir Rabbie Langanai Namaliu – 2 March 2011 • Ms Dame Carol Anne Kidu – 9 August 2012 • Sir Moi Avei – 12 September 2016 <p>Directors appointed by the board are required by the Company's Constitution to submit themselves for election for a further three years, by shareholders at the annual general meeting following their appointment.</p> <p>Directors are subject to retirement by rotation at least every three years in accordance with the Company's constitution, but may offer themselves for re-election. There is no share ownership qualification for appointment as a director.</p>
2.4	A majority of the board of a listed entity should be independent directors.	Yes	<p>The board consists of four independent non-executive directors. For the purposes of determining director independence, the board considers the following factors:</p> <ul style="list-style-type: none"> • whether within the last three years the director or a close family member has: <ul style="list-style-type: none"> - been a part of the executive management of the Company, or - been a partner, director or senior provider of material professional services to the Company;

			<ul style="list-style-type: none"> • whether the director or a close family member is, or is associated with, a substantial shareholder (more than five per cent of the voting shares) in the Company; • the director's cross directorships or significant links with or involvement in other companies; • the director's length of service on the board; and • whether within the last three years the director or a close family member has had, either directly or indirectly and whether as principal, employee or consultant, a material (more than 2 per cent of the Company's or the counterparty's consolidated gross revenue per annum) business relationship with the Company, whether as an auditor, professional adviser, supplier or customer. <p>All directors are required to, and do, bring independent judgment to bear on board decisions and act in accordance with their statutory duties of good faith and proper purpose, and in the interests of all shareholders.</p> <p>Any contracts which may exist or be entered into from time to time in the ordinary course of business between the Company and any company in which a director has declared an interest will be reviewed for materiality to both the Company and the other party to the contract.</p> <p>All related party transactions, have been determined by the independent directors to be in the interests of the Company.</p> <p>The directors can seek independent professional advice, at the Company's expense, in furtherance of their duties. The board has adopted a procedure for directors wishing to seek such advice to do so by arrangement with the company secretary.</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.	Yes	The chairman of the board is Mr Robert Burns who is an independent director. The Company does not have a Managing Director and as such the role of chairman and Managing Director are not exercised by the same individual.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	<p>Directors receive formal appointment letters setting out, amongst other things, the expectations of their appointment.</p> <p>Incoming directors receive an induction to ensure they have a working knowledge of the Company, the political climate of the region in which its assets are situated, its culture and values and the metal mining industry. All directors are expected to maintain the skills required to effectively discharge their obligations to the Company and are provided with resources to help develop and maintain their skills and knowledge. Directors are encouraged to pursue and participate in appropriate continuing education and professional development opportunities so as to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p> <p>Directors are provided with board papers prepared by management prior to each board meeting. These papers include an update from Company management, financial information and other strategy related documents. The directors also receive ongoing briefings on developments in accounting standards.</p>

Principle 3: Act ethically and responsibly

Recommendation	Complied	Comment
<p>3.1 A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	Yes	<p>The Board Charter requires that the board complies with the Company's Code of Conduct. The Code of Conduct is available online at http://www.bcl.com.pg/investors-2/charters-important-documents/. The Code of Conduct promotes business practices to maintain the Company's integrity and reflects the Company's commitment to ethical and responsible decision-making. It is a meaningful statement of the Company's core values and is promoted as such across the Company and reinforced by proper training and proportionate disciplinary action if it is breached. The Company's directors, consultants, senior executives, employees, consultants and contractors are required to comply with this policy when dealing with each other, shareholders, customers and the broader community. All consultants and contractors are required to maintain high standards of ethical behaviour in the execution of their duties and comply with all applicable laws and regulations in Papua New Guinea and in every other country in which the company engages in business.</p> <p>Other policies, codes and charters adopted by the Company which provide a framework for decisions and actions in relation to ethical conduct in employment include:</p> <ul style="list-style-type: none"> • Audit and Risk Committee Charter; and • Business Integrity Policy. <p>A copy of each policy, code and charter is available on the Company's website (http://www.bcl.com.pg/investors-2/legal/).</p>

Principle 4: Safeguard integrity in corporate reporting

Recommendation	Complied	Comment
<p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p>	Yes	<p>(a) (1), (2) The Company has an Audit and Risk Committee, which is appointed by the board and is comprised of four non-executive, independent directors. The Audit and Risk Committee provides the transparency, focus and independent judgement needed to oversee the Company's corporate reporting progress. The present members of the Audit and Risk Committee are Robert Burns (Chairman), Sir Rabbie Namaliu, Dame Carol Kidu, and Sir Moi Avei. The company secretary and external auditors are available to attend meetings. All members of the Audit and Risk Committee are financially literate.</p> <p>(a) (3) The Audit and Risk Committee has adopted a formal charter which sets out the role and terms of reference of the Audit and Risk Committee and is reviewed regularly. The Audit and Risk Committee charter is available at http://www.bcl.com.pg/investors-2/charters-important-documents/, and includes information on the requirements for selecting an external auditor.</p>

- (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (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.

(a) (4) The qualifications and experience of the committee members is outlined in the Directors' Report on page 6 of the 2016 Annual Report.

The Audit and Risk Committee provides a formal structure for reviewing the Company's financial statements, accounting policies, control systems, risk management practices and taxation issues, and for liaison with the external and internal auditors. The Audit and Risk Committee also reviews the adequacy of internal and external audit arrangements on an annual basis.

The Audit and Risk Committee advises the Board of any matters that might have a significant impact on the financial condition of the Company and has the authority to investigate any matters within the terms of reference, having full access to the information and resources of the Company to fulfil its function. Related party transactions are considered by the Audit and Risk Committee. The Audit and Risk Committee reviews compliance with the Papua New Guinea Companies Act 1997, Corporations Act, where appropriate, and the requirements of the ASX and other regulatory requirements.

(a) (5) The Audit and Risk Committee held four scheduled meetings during 2016, and attendance details of the 2016 meetings of the Audit and Risk Committee are set out in the table below.

Director	Meetings attended	Meetings whilst in office
Robert Burns (Chairman)	Four	Four
Sir Rabbie Namaliu	Three	Four
Dame Carol Kidu	Four	Four
Sir Moi Avei	One	One

Any work conducted by the external auditor, other than the statutory audit, is approved by the Audit and Risk Committee.

(b) Not applicable.

4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Yes

As a foreign registered company in Australia, the Company is not required to comply with section 295A of the Corporations Act with respect to declarations in relation to financial statements by the CEO and CFO. However, the Board ensures that it receives the appropriate declarations and assurances including a declaration from the Chairman of the board and the company secretary that accounts have been reviewed and, in their opinion:

- the financial records of the Company for the financial year ended 31 December 2016 have been properly maintained; and
- the financial statements for the financial year ended 31 December 2016 comply with the appropriate accounting standards; and

- the financial statements and notes give a true and fair view of the financial position and performance of the Company and are based on a sound system of risk management and internal control.

4.3	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.	Yes	The Company's external auditor, PricewaterhouseCoopers, attends the annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. The shareholders are provided a mechanism to submit written questions regarding the auditor's report to the auditors via the Company prior to the annual general meeting, and these questions and answers are made available at the annual general meeting.
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Principle 5: Make timely and balanced disclosure

Recommendation	Complied	Comment
5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Yes	(a) The Company makes full and immediate disclosure of material information to its shareholders and the market in accordance with its disclosure obligations under the ASX Listing Rules. In particular, to ensure that trading in its securities takes place in an informed market, the Company has adopted a Continuous Disclosure Policy, which is designed to ensure compliance with the ASX Listing Rules on continuous disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position. (b) The Disclosure and Communications Policy is available at http://www.bcl.com.pg/investors-2/company-policies/ . Established reporting systems are in place to ensure compliance with ASX requirements.

Principle 6: Respect the rights of security holders

Recommendation	Complied	Comment
6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Company recognises the importance of effective communication with shareholders and the general investment community. Apart from the Company's compliance with its continuous disclosure obligations, the Company keeps investors informed of its corporate governance, financial performance, strategy and prospects via releases to the market via the ASX, the Company's website (http://www.bcl.com.pg/), information mailed and emailed to shareholders and general meetings of the company. The information provided is balanced and understandable. This communications program gives shareholders ready access to information and is contained within the Company's policies titled " <i>Code of Conduct – Obligations to Stakeholders</i> " and " <i>Disclosure and Communications Policy</i> ". The policies are available on the Company's website.

6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	The communications program outlined in the Company's response to Recommendation 6.1 includes an investor relations program to facilitate two-way communication with investors, which is outlined in 6.1. The Company allows shareholders to send communications to the Company and its security registry electronically.
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.	Yes	<p>The communications program outlined in the Company's response to Recommendation 6.1 includes shareholder communications, which is outlined in 6.1. The Company also encourages shareholders to attend the Company's annual general meeting and to ask questions of the Board and the Auditor and/or to submit questions in writing in advance. At each annual general meeting the board also ensures that:</p> <ul style="list-style-type: none"> • a representative of the Company's auditors is in attendance to respond directly to questions on audit related matters; and • information about the current developments is provided at the meeting, to make it easy for shareholders to participate and ask questions. • the chairman of the board of directors presents an Address to the Annual General Meeting of current developments.
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.	Yes	<p>The Company encourages shareholders to communicate via the Company's website (http://www.bcl.com.pg/), by facsimile and by telephone. Additionally, details of ASX announcements and Company reports are made available via the Company's website and are distributed to interested parties via email if requested.</p> <p>The Company's share registry also engages with shareholders electronically. Shareholders can contact the company's registrar, Computershare Investor Services Pty Ltd, to access their personal information and shareholders via the Company's website and the internet. The share registrar's also distribute statutory documents to shareholders such as annual reports and financial statements.</p>

Principle 7: Recognise and manage risk

Recommendation	Complied	Comment
<p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ol style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout 	Yes	<p>(a) (1), (2) The Company does not have a separate risk committee as recommended by the ASX Principles, but does combine the function within the Audit and Risk Committee responsibilities. The Audit and Risk Committee is appointed by the Board and presently comprises of four non-executive, independent directors, Robert Burns (Chairman), Sir Rabbie Namaliu, Dame Carol Kidu and Sir Moi Avei. The Audit and Risk Committee provides the transparency, focus and independent judgement needed to oversee the Company's corporate reporting progress. The company secretary and external auditors are available to attend meetings. All members of the Audit and Risk Committee are financially literate.</p> <p>(a) (3) The Audit and Risk Committee has adopted a formal charter which sets out the role and terms of reference of the Audit and Risk Committee and is reviewed regularly. The Audit and Risk Committee charter is available at http://www.bcl.com.pg/investors-2/charters-important-documents/, and includes information on the requirements for selecting an external auditor.</p>

- the period and the individual attendances of the members at those meetings; or
- (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.

(a) (4) The present members of the Audit and Risk Committee are Robert Burns (Chairman), Sir Rabbie Namaliu, Dame Carol Kidu and Sir Moi Avei. Their qualifications and experience is outlined in the Directors' Report on page 6 of the 2016 Annual Report.

For further information on the function of the Audit and Risk Committee, please see our response to Recommendation 4.1 above.

(a) (5) The Audit and Risk Committee held Four scheduled meetings during 2016, and attendance details of the 2016 meetings of the Audit and Risk Committee are set out in the table below.

Director	Meetings attended	Meetings whilst in office
Robert Burns (Chairman)	Four	Four
Sir Rabbie Namaliu	Three	Four
Dame Carol Kidu	Four	Four
Sir Moi Avei	One	One

Any work conducted by the external auditor, other than the statutory audit, is approved by the Audit and Risk Committee.

(b) Not applicable.

7.2

The board or a committee of the board should:

Yes

- (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- (b) disclose, in relation to each reporting period, whether such a review has taken place.

(a) The Company has in place policies and procedures, including a risk identification and management framework (described below), which are continually being developed and updated to help manage material business risks. These policies and procedures have been adopted by the board, with primary oversight by the Audit and Risk Committee, to ensure that potential business risks are identified and appropriate action is taken. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to the board with primary oversight from the Audit and Risk Committee. The Audit and Risk Committee charter is available at <http://www.bcl.com.pg/investors-2/charters-important-documents/>.

A summary of the Company's risk identification and management policies is set out below:

- the Company benefits from a Risk Management Policy, formally adopted by the Board, which can be accessed at <http://www.bcl.com.pg/investors-2/company-policies/>, as well as practices on risk management and corporate assurance developed to manage the Company's business activities;
- the Audit and Risk Committee biannually receives biannually a report from management to identify and review all of the business risks facing the company. The Audit and Risk Committee report the findings to the board;
- management provide an annual certificate of compliance to the board and provides periodic reports and information confirming the status and effectiveness of the plans, controls, policies and procedures implemented to manage business risks. The Chairman and Company Secretary endorse the certificate;

	<p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>		<p>a small board, four employees, and is not operational. Further, the Company's shareholders vote on and approve the limits within which the board can set non-executive director remuneration.</p> <p>In determining non-executive director remuneration, the maximum limit for directors' remuneration is determined by shareholders in a general meeting. Within that limit the remuneration of directors is generally determined by the board after taking into account data on market remuneration levels. At the 2009 annual general meeting, the shareholders approved an increase in non-executive directors' fees to A\$55,000, non-executive chairman fees to A\$110,000 and an additional A\$10,000 per annum for directors that are members of the Audit and Risk Committee. Directors are not entitled to retirement benefits.</p> <p>The Company has four full time employees as part of the Company's administration team. Remuneration is governed by a Compensation Policy, available at http://www.bcl.com.pg/investors-2/company-policies/</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	<p>As specified in the Company's response to Recommendation 8.1, in determining non-executive director remuneration, the maximum limit for directors' remuneration is determined by shareholders in a general meeting. Within that limit the remuneration of directors is generally determined by the Board after taking into account data on market remuneration levels. At the 2009 annual general meeting, the shareholders approved an increase in non-executive directors' fees to A\$55,000, non-executive chairman fees to A\$110,000 and an additional A\$10,000 per annum for directors that are members of the Audit and Risk Committee. Directors are not entitled to retirement benefits.</p> <p>The Company has four full time employees as part of the Company's administration team. Remuneration is governed by a Compensation Policy, available at http://www.bcl.com.pg/investors-2/company-policies/</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>The Company has adopted the "rules for dealing in securities of BCL, its subsidiary and associated companies" (BCL Rules For Dealing), which reinforces the prohibition against insider trading to all directors of the Company. This share trading policy is available at http://www.bcl.com.pg/investors-2/company-policies/. The BCL Rules For Dealing require that for all dealings in the Company's securities:</p> <ul style="list-style-type: none"> directors and employees must advise the chairman of the Board in writing, and receive approval in writing from the chairman, if they intend to purchase or sell securities in the Company. In regard to his own dealings, the chairman is required to notify the chairman of the Audit and Risk Committee; and

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- no dealings in securities of the Company may take place in the period from the end of any relevant financial period to the trading day following announcement of the Company's annual results or half year results.
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