

Policies & Standards

DIRECTOR INDEPENDENCE POLICY

1. Director Independence

Our approach to director independence is designed to take into account corporate governance requirements in Australia, principally those established by the ASX Corporate Governance Council.

Essentially this corporate governance regime recommends or requires that a majority of the members of the Board of Directors (including the Chairman) are independent of the Alumina Limited Group. The ASX Listing Rules and the ASX Corporate Governance Principles and Recommendations also stipulate that a majority of the members of the Audit and Risk Committee, the Compensation Committee and the Nomination Committee should be independent.

It is the responsibility of the Board of Alumina Limited to determine the independence of Directors in accordance with this policy. In reaching its decision regarding individual director independence, the Board reserves the right to consider a Director to be independent even though he or she may not meet one or more of the specific thresholds or tests specified below, having regard to the underlying policy of the independence requirement and the qualitative nature of that Director's circumstances.

2. Purpose of this Policy

The purpose of this policy is to specify:

- the nature of the independence requirement, the materiality thresholds that apply to specific requirements and other tests that will generally be applied in determining the independence of each Director;
- the information required to make a determination; and
- disclosure guidelines.

3. Definition of Director Independence

In determining the independence of Directors, the following definition is adopted:

"An independent director is free of any interest, position, association or relationship that might influence or interfere with, or reasonably be perceived to influence or interfere with, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Alumina Limited Group and its security holders generally."

The determination of whether a Director has any interest, position, association or relationship that might interfere with or influence, or might reasonably be perceived to interfere with or influence, his or her independence in a material respect is based on the nature, circumstances and activities of the Director, having regard to the following guidelines. Materiality is considered from the viewpoint of the Director or the relevant persons or organisations affiliated with the Director, and also in context of the Alumina Limited Group.

4. Independence and Materiality Thresholds

An independent Director is usually one who:

- is not, and has not been within the last 3 years, employed in an executive capacity by Alumina Limited or another member of the Alumina Limited Group;
- is not a substantial security holder, and is not an officer of or otherwise associated (directly or indirectly) with, a substantial security holder of Alumina Limited ("substantial security holder" means a person who has a "substantial holding" as defined in section 9 of the Corporations Act 2001 (Cth));
- has no material contractual relationship with Alumina Limited or another member of the Alumina Limited Group, other than as a Director of Alumina Limited. A contractual relationship is material where the value of the contract is the greater of \$250,000 and 2% of the other entity's consolidated gross revenues;
- has no material business relationship (eg as a supplier or customer) with Alumina Limited or another member of the Alumina Limited Group, and is not an officer of, or otherwise associated with, someone with such a relationship. A business relationship is material where the payments made by or to the Alumina Limited Group pursuant to that relationship exceed, in any single fiscal year, the greater of \$250,000 and 2% of the other entity's consolidated gross revenues;

- is not, and has not been within the last 3 years, a partner, director or senior employee of a provider of material professional services to Alumina Limited or another member of the Alumina Limited Group. Professional services are material where the value of the services provided is the greater of \$250,000 and 2% of the professional services provider's gross revenues;
- has no close family ties with any person who falls outside any of the above categories;
- does not participate in any equity-based incentive scheme or performance-related pay scheme operated by Alumina Limited, except to the extent of payment of part of the Director's remuneration in the form of shares or deferred compensation for prior service; and
- has not served as a Director of Alumina Limited for such a period that might, or might reasonably be perceived to, influence or interfere with the Director's capacity to bring an independent judgement to bear on issues before the Board or to act in the best interests of Alumina Limited Group and its security holders generally.

5. Procedure

The independence of each Director will be:

- considered prior to appointment, in accordance with Alumina Limited's policies and procedures for the selection and appointment of new Directors to the Board;
- re-assessed at least annually; and
- re-assessed on such other occasions and at such other times determined by the Board having regard to disclosures made by the Director of any new interests, positions, associations or relationships. (Each Director is required to disclose whether their independence may have been affected by certain activities on the part of the Director).

6. Disclosure

The Board will make the following disclosure to shareholders:

- Independent and non independent Directors will be identified in the Annual Report.
- In the Annual Report, material interests, positions, associations and relationships of each Director (including those that the Board believes do not affect the Director's independence but which were considered by the Board in assessing independence) will be described, and the period of office held by each Director will be stated.
- The Board's assessment of the independence status of persons standing for election or re-election as Directors will be disclosed in the relevant Notice of Annual General Meeting.