

2018

CORPORATE
GOVERNANCE
STATEMENT



CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement of Newcrest Mining Limited (**Newcrest** or the **Company**) sets out in detail the Company's corporate governance processes and structure as at 14 September 2018, including for the year ended 30 June 2018. The Board believes that adherence by Newcrest and its people to the highest standards of corporate governance is critical in order to achieve its vision. Our detailed governance framework provides the structure for decision making and acceptable standards of behaviour across our business. It is regularly reviewed and adapted to developments in market practice and regulation.

This statement includes information required under the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition (the **ASX Principles and Recommendations**). The Board considers that the Company's corporate governance practices comply with the ASX Principles and Recommendations as at the date of this statement.

This statement and an ASX Appendix 4G were lodged with ASX on 8 October 2018 and may be accessed in the corporate governance section of our website at www.newcrest.com.au/about-us/corporate-governance.

Details of the Company's governance arrangements, including Board and Board Committee Charters and key policies, are also available on the Company's website.

1. BOARD OF DIRECTORS

Role and responsibilities

The Board determines the strategic direction of the Company, regularly reviews the appropriateness of it, and oversees its implementation. The Board is ultimately accountable to Newcrest's shareholders for the performance of the business. The role of the Board is described in the Board Charter, which is available on the Company's website: www.newcrest.com.au/about-us/corporate-governance.

The Board has delegated to the Managing Director and Chief Executive Officer (**MD & CEO**) all the powers and authorities required to manage the Company's business, except those expressly reserved to the Board or one of its Committees as described in the Board Charter. There is also a comprehensive framework of delegations from the CEO to management and other employees.

Board composition

As at the date of this statement, Newcrest's Board comprises nine Directors: two Executive Directors (the MD & CEO – Sandeep Biswas, and the Finance Director and Chief Financial Officer (**FD & CFO**) – Gerard Bond) and seven Non-Executive Directors.

The roles of the Chairman, and the MD & CEO are not exercised by the same individual. The appointment of the MD & CEO is made by the Board.

The Chairman, Peter Hay, joined the Board in August 2013. He is an independent Non-Executive Director and is not a former executive of the Company. The role of the Chairman is to lead the Board, facilitate constructive discussion at Board meetings, ensure that the Board functions effectively and communicate the views of the Board to shareholders.

Sandeep Biswas was appointed as a Director and Chief Operating Officer in January 2014. He became MD & CEO on 4 July 2014.

The names, skills and experience of each Director, and their dates of appointment are set out on pages 10 to 12 of the Annual Report and on the Company's website.

As part of the ongoing Board renewal, Lady Winifred Kamit and John Spark retired immediately after the Annual General Meeting on 14 November 2017. On 17 July 2018, Newcrest announced the appointment of Peter Tomsett as a Non-Executive Director effective from 1 September 2018 and the retirement of Rick Lee immediately after the next Annual General Meeting, on 14 November 2018.

With the assistance of the Nominations Committee, the Board reviews succession on an ongoing basis and, in doing so, takes into consideration the length of time a Director has served on the Board, the mix of skills and experience on the Board and the performance of its Directors.

Directors, other than the MD & CEO, must submit themselves for re-election every three years and at least one Director must stand for election each year. Before recommending that shareholders re-elect a Director, the Board considers the performance of the Director and any other matters it considers relevant. When a Director is to be considered for election or re-election, shareholders are provided with all material information within the Company's possession that is relevant to a decision on whether or not to elect or re-elect that Director.

Board skills and experience

The Board regularly reviews its structure, size and composition to ensure that it has the range of skills, expertise and experience required for robust decision-making and effective governance of the Company.

The Company's intention is that the Board encompasses a mix of diversity (including in relation to gender, age, culture and experience) and a broad range of skills in key areas relevant to Newcrest's business.

The Board utilises a Skills and Experience Matrix to set out the skills and experience that the Board is looking to achieve in its membership and identify the Directors who have such skills and experience and any gaps or areas to focus on for future appointments or training.

1. BOARD OF DIRECTORS CONTINUED**Board Skills and Experience Matrix**

Board Skills and Experience	Out of 9 Directors
MINING AND RESOURCES EXPERIENCE	
Resources Senior executive experience or long-term Board experience in a medium to large mining and resources organisation or extensive experience advising mining and resources companies	9
Exploration Senior executive responsibility for exploration or long-term Board experience in a large mining and resources organisation with exploration as a key part of its business	6
Engineering Professional qualification in engineering or extensive experience in engineering	6
Health and Safety Executive experience in a mining and resources organisation with responsibility for health and safety or membership of health and safety Board committees	8
Marketing Senior executive experience in marketing at a large organisation	5
LEADERSHIP	
CEO Experience CEO, Managing Director or Managing Partner experience	8
Board and Committee Experience Director and Board Committee experience	9
FINANCE AND RISK	
Audit / Accounting Professional qualification in accounting or membership of an Audit Board committee	8
Risk Management Senior executive experience in risk management or membership of a Board committee with responsibility for risk management	8
Finance and Investment Senior executive experience in finance or business development or mergers and acquisitions or director of a financial institution	8
Law and Government Professional qualification in law or extensive experience in corporate legal matters or extensive involvement with government departments	5
Governance Commitment to the highest standards of governance including experience in a large organisation that is subject to rigorous governance standards	9
PEOPLE	
Human Resources Remuneration or Nominations Committee membership or executive experience in human resources	8
GLOBAL EXPERTISE	
Experience in an international market with exposure to a range of political, cultural, regulatory and business environments	9

The Board considers that each of the areas identified in the Board Skills and Experience Matrix is currently well represented on the Board, given the relative importance of each area.

While information technology is recognised as an important skill, having regard to the Company's risk in this area, it is not a skill that is specifically identified in the Board Skills and Experience Matrix. The Board considers that this skill is well represented at management level.

Appointments

The Nominations Committee regularly considers succession planning to ensure an orderly succession and renewal of the Directors. Details of the role and composition of the Nominations Committee are set out under "Board committees and charters" available on the Company's website: www.newcrest.com.au/about-us/corporate-governance.

When considering new appointments to the Board, suitable candidates are identified taking into account the Board Skills and Experience Matrix. Independent recruitment firms may be engaged to assist in searching for candidates.

Before appointing a person as a Director, checks are undertaken with respect to their character and experience, academic qualifications, criminal record and bankruptcy history.

Each new Non-Executive Director receives a letter formalising, and outlining the key terms of, their appointment.

1. BOARD OF DIRECTORS CONTINUED

Director induction and continuing education

Any new Director participates in a formal induction process co-ordinated by the Company Secretary. It includes briefings with Executives, visits to some of the Company's operations and the provision of information with respect to the Company's business, strategy, operations and corporate governance.

Each Director visits at least one of the Company's operations each year by rotation to ensure that they obtain a deep understanding of the Company's business, including the culture and operational risks. The Board and Committees also receive updates from Management and external speakers as to material developments in the industry, law and/or accounting standards which are relevant to the Company and its operations. In addition, the Board receives training and/or materials on topics considered by the Board or Management to be necessary or desirable to develop and maintain the Directors' skills and knowledge.

Director independence

The Board considers that a Director is independent if he or she is not a member of Management and is free of any business or other relationship that could materially interfere with the exercise of objective, unfettered and independent judgment. Materiality is assessed in view of the facts and circumstances of the relationship having regard to the criteria listed in the Board's Director Independence Policy (which is based on the ASX Principles and Recommendations). Materiality is considered from the perspective of the Newcrest Group, the organisations with which the relevant Director is affiliated and from the Director's perspective. The criteria in the Board's Director Independence Policy aligns with the guidance provided by the ASX Principles and Recommendations. The Board's Director Independence Policy is available on the Company's website: www.newcrest.com.au/about-us/corporate-governance.

The Board assesses the independence of each Director before appointment, and then at least annually, by reference to the Company's Director Independence Policy, which has regard to the ASX Corporate Governance Principles and Recommendations.

In August 2018, the Board considered whether the Non-Executive Directors satisfy the Company's criteria for independence, and concluded that each of the current Non-Executive Directors is independent. As part of its assessment, the Board considered the tenure of each Director, as shown in the following table.

Name	Length of service
Non-Executive Directors	
Peter Hay	5 years
Rick Lee AM	11 years
Philip Aiken AM	5 years
Xiaoling Liu	3 years
Roger Higgins	3 years
Vicki McFadden	2 years
Peter Tomsett	0 years
Executive Directors	
Sandeep Biswas	4 years
Gerard Bond	6 years

Directors are required to inform the Board of any changes to their interests or relationships that could bear upon their independence.

Access to independent advice and information

All Directors have direct access to all relevant Company information and to the Company's Senior Executives. Directors, the Board and the Committees also have access to independent legal, accounting or other professional advice as necessary, at the Company's expense.

Conflicts of interest

Each Director has a duty to determine whether he or she has a potential or actual conflict of interest in relation to any material matter which relates to the affairs of the Company.

Under the Director's Conflicts of Interest Policy, a Director must disclose to the Directors and the General Counsel & Company Secretary:

- a material personal interest in a matter that relates to the affairs of the Company; and
- any other interest in a matter relating to the affairs of the Company, which may give rise to, or be perceived to give rise to, a real or substantial possibility of conflict,

as soon as practicable after the Director becomes aware of such interest.

A Director who has an existing, potential or perceived conflict of interest in relation to a matter must not be present while the matter is being considered by the Board and must not vote on the matter unless the Directors that do not have an interest in the matter approve by way of a resolution. In addition, the Director may not receive relevant Board papers.

All Directors are required to notify the Chairman before accepting any new outside appointment.

A register of potential conflicts of interest is maintained.

Company Secretary

The Company Secretaries are accountable directly to the Board, through the Chairman, for advising on corporate governance matters, including adherence to the Board Charter and coordinating all Board business. All Directors have direct access to the Company Secretaries. The appointment and removal of a Company Secretary is a matter for the full Board. Francesca Lee was appointed as General Counsel & Company Secretary in March 2014. Claire Hannon was appointed as an additional Company Secretary in August 2015. Details of the qualifications and experience of Francesca Lee and Claire Hannon are set out on page 38 of the Annual Report.

2. BOARD COMMITTEES

Details of the current membership and composition of each of the standing Board Committees is set out below.

Committee	Membership	Role	Meetings
Audit and Risk Committee	At least three Non-Executive Directors (NEDs). Currently: <ul style="list-style-type: none"> Vicki McFadden (appointed Chairman on 14 November 2017) Rick Lee Xiaoling Liu Peter Tomsett (appointed on 1 September 2018) 	To assist the Board to fulfil its responsibilities in relation to the following matters: <ul style="list-style-type: none"> financial reporting principles and policies, controls and procedures; integrity of the Company's financial statements; risk management processes; internal control processes and effectiveness; internal audit; compliance with applicable legal and regulatory requirements; and external audit. 	Minimum 4 per year
Safety and Sustainability Committee	At least three NEDs. Currently: <ul style="list-style-type: none"> Philip Aiken (Chairman) Roger Higgins Peter Tomsett (appointed on 1 September 2018) 	To assist the Board in its oversight, monitoring and review of the Company's practices and governance in the following areas: <ul style="list-style-type: none"> safety; occupational health; social performance; environment; sustainability; and human rights and security of communities, employees and operations. 	Minimum 3 per year
Human Resources and Remuneration Committee	At least four NEDs. Currently: <ul style="list-style-type: none"> Rick Lee (Chairman) Philip Aiken Xiaoling Liu Vicki McFadden (appointed on 14 November 2017) 	To assist the Board in the discharge of its responsibilities relating to the Company's remuneration framework, remuneration of Directors and Executives, talent management processes and monitoring of the Company's diversity and inclusion policies and practices. In particular, it considers and makes recommendations with respect to matters including: <ul style="list-style-type: none"> organisational design and talent capability; overall cultural framework and practices of the Company; remuneration strategy; employee share plans and Executive incentive plans; remuneration arrangements, performance measurement, terms of employment and succession planning for the MD & CEO; Non-Executive Director remuneration; major components of the Company's remuneration strategy; appointment of remuneration consultants; industrial relations policies, practices and strategies; and diversity and inclusion measurable objectives. 	Minimum 3 per year
Nominations Committee	At least two NEDs. Currently: <ul style="list-style-type: none"> Peter Hay (Chairman) Philip Aiken Xiaoling Liu (appointed on 22 August 2018) 	To assist the Board in its management of the Company's corporate governance in the following areas: <ul style="list-style-type: none"> composition and diversity of the Board and its Committees; succession planning for the Chairman and Non-Executive Directors; director selection, appointment, election and re-election; director induction and continuing development; and evaluations of the performance of the Board, its Committees and individual directors. <p>Note that the Board remains responsible for the appointment of the MD & CEO as per its charter.</p>	Minimum 3 per year
Board Executive Committee	<ul style="list-style-type: none"> Chairman; MD & CEO (or in his absence the FD & CFO); and one other NED 	To act as a delegate of the Board to facilitate Board processes and decisions between scheduled Board meetings, and at short notice. The Committee holds the full delegated authority of the Board in relation to matters referred to it by the Board.	As required, at the direction of the Board

2. BOARD COMMITTEES CONTINUED

The charters for each of the above Committees are available on the Company's website: www.newcrest.com.au/about-us/corporate-governance.

Each Committee member has been selected on the basis that he or she brings relevant and required skills and experience to the relevant Committee.

All Directors receive papers and minutes for all Committees, and are invited to attend all Committee meetings. Each Committee reports its deliberations to the next Board meeting and Committee minutes are provided to the Board.

Details of the number of Board and Committee meetings held during the 2018 financial year, and the attendance of each Director or Committee member at the meetings, are set out on page 39 of the Annual Report.

Additional Board Committees are established from time to time to support the Board in carrying out its responsibilities in relation to specific matters, such as projects or potential transactions.

3. BOARD AND EXECUTIVE PERFORMANCE

Board performance evaluation

A review of the performance and effectiveness of the Board and Committees is generally undertaken annually, alternating between internal and external reviews. An independent external review was conducted in 2017 and an internal review was conducted in 2018. The internal review in 2018 was led by the Chairman and involved a survey of Directors, relevant Executives and the external auditor, followed by a discussion between the Chairman and each Director and preparation of a report summarising the outcomes.

In June 2018, the outcomes of the review were discussed and considered by the Nominations Committee. The review found that the Board and Committees are functioning effectively and no significant issues were identified. Minor changes were effected where considered necessary by the Board.

Consideration to improve the functionality and performance of the Board and its Committees occurs at regular intervals throughout the year taking into account the outcomes of the previous review.

Executive performance evaluation

The Company has in place a performance review system for Executives, which is designed to optimise performance.

The Board annually reviews the performance of the MD & CEO against agreed performance measures and other relevant factors. The MD & CEO undertakes a similar exercise in relation to each of the other Executives. The outcomes of the MD & CEO's annual performance review of the other Executives are discussed with the Board.

Each of the Company's Executives (including the MD & CEO and the FD & CFO) has an Executive Service Agreement, and each of those who were employed by the Company during the 2018 financial year has undergone a performance review with respect to their performance during the 2018 financial year.

Details of the outcomes of the performance reviews, particularly in relation to the "at risk" component on the Company's Executives' remuneration, are set out in the 2018 Remuneration Report on pages 72 to 92 of the Annual Report.

4. FEES AND REMUNERATION

Non-Executive Directors' fees

Remuneration of Non-Executive Directors is fixed rather than variable, so that Board membership of a high standard is maintained and market remuneration trends are reflected. Remuneration levels and trends are periodically assessed, with the assistance of professional independent remuneration consultants as required. They are adjusted where necessary to align with Board remuneration levels in comparable Australian-listed companies.

The total aggregate amount of Directors' fees (**fee pool**) payable to the Company's Non-Executive Directors may not exceed the maximum amount authorised by the shareholders in general meeting. The fee pool is currently A\$2,700,000 and was approved by shareholders in 2010.

The total fee pool includes all fees payable to a Non-Executive Director for acting as a director of the Board (including attending and participating in any Board Committee meetings) and includes superannuation contributions for the benefit of a Non-Executive Director and any fees which a Non-Executive Director agrees to salary sacrifice (pre-tax) for other benefits.

The Members of the Nominations Committee do not receive additional fees for their role on the Nominations Committee.

Executive remuneration

The Company's remuneration policy recognises the different levels of contribution within management to the short-term and long-term success of the Company. A significant proportion of each senior manager's remuneration is placed 'at risk', and is dependent upon both personal and Company performance, which is formally assessed each year.

The Board has established with the MD & CEO, specific personal and corporate performance objectives for the short and long term. The performance of the MD & CEO is formally assessed against these objectives annually. The assessment helps to determine the level of 'at risk' remuneration paid to the MD & CEO.

The Board, supported by the Human Resources and Remuneration Committee, must approve contracts with remuneration consultants. Remuneration recommendations made by remuneration consultants in relation to Key Management Personnel (**KMP**) must be made to the NEDs.

Details of the Company's remuneration policies and practices in relation to Directors and Executives are set out in the Remuneration Report on pages 72 to 92 of the Annual Report.

5. VALUES AND CULTURE

Newcrest has the following core values and shares them with its workforce and externally:

- (a) Caring about people;
- (b) Integrity and honesty;
- (c) Working together;
- (d) Innovation and problem solving; and
- (e) High-performance.

The Board has oversight of culture and is committed to Newcrest living and working by its values.

Culture is also a regular topic of consideration by the Human Resources and Remuneration Committee. Employees participate in annual organisational health surveys to enable the Company to continuously assess and improve its culture which underpins the achievement of its strategic goals.

6. ETHICAL AND RESPONSIBLE DECISION-MAKING

Code of Conduct

The Board has adopted a Code of Conduct which reflects the Company's values, and guides the Board, Executives and the broader workforce as to the expected standards of behaviour. It helps to ensure the appropriate degree of integrity in the Company's dealings. Company personnel have been trained in the values and expected behaviour under the Code. The Code of Conduct is available on the Company's website: www.newcrest.com.au/about-us/corporate-governance.

The Company also has a comprehensive range of corporate policies which detail the framework for acceptable corporate behaviour, and these are subject to periodic review. Key policies referred to in the Code of Conduct can be found on the Company's website, including the Anti-Bribery and Corruption Policy, Securities Dealing Policy, Safety and Health Policy, Diversity and Inclusion Policy, Communities Policy and Environmental Policy.

The Company has in place a Speak Out Standard and Service, which is confidential, anonymous and independent. It offers a mechanism to encourage employees and contractors to report concerns of unethical or inappropriate behaviour in good faith and to receive protection from any negative consequences that could otherwise result from their actions. The Audit and Risk Committee receives regular updates of all matters reported to the service including the nature of the matter, the findings of the investigation and the action taken.

Securities Dealing Policy

The Company has a Securities Dealing Policy, which provides for 'prohibited periods' (or 'blackout periods') when staff must not deal in the Company's securities. Blackout periods commence immediately following the close of the half and full year financial periods (31 December and 30 June respectively) and two weeks prior to the release of each quarterly report. The blackout periods end at the end of the day after release of the Company's full year or half year financial results or the day of release of the quarterly report (as applicable).

The policy prohibits the use by employees of derivatives such as caps, collars, warrants or similar products in relation to Company securities, including shares acquired under the Newcrest Group's equity incentive schemes, whether or not they are vested. The Securities Dealing Policy is available on the Company's website: www.newcrest.com.au/about-us/corporate-governance.

7. SHAREHOLDER ENGAGEMENT

The Board values the views of its shareholders and is keen for shareholders and other financial market participants to gain a greater understanding of Newcrest's operations, governance, financial performance and prospects.

The Company therefore has an investor relations program in place to enable effective communication with shareholders, investors and analysts. The program includes scheduled presentations, meetings and site visits. An Investor Day is also held at least every two years. The program is intended to provide an opportunity for two way communication. The investor relations program runs alongside a wider stakeholder engagement program involving interactions with politicians, financial media, regulators, environmental and community groups and other stakeholders.

Advance notice is given to analysts in respect of briefings, and the relevant corporate dates for the year are posted on the Company's website.

The Company conducts bi-annual webcasts covering full year and half year financial results which are accessible to all shareholders on the Company's website. It also holds an accessible and informative AGM, which is webcast. Further information is provided to shareholders about Newcrest and its governance on the Newcrest website.

Shareholder questions at the AGM are encouraged by the Chairman. Any shareholders unable to attend may submit questions to the Chairman prior to the meeting. Key shareholders also have the opportunity to meet informally with Directors and Executives following the AGM.

The Company's auditors attend the AGM and are available to answer questions relating to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in the preparation of its financial statements, and the independence of the auditor in relation to the conduct of the audit.

All resolutions at Newcrest's Annual General Meeting or other shareholder meetings are conducted by a poll rather than a show of hands.

8. CONTINUOUS DISCLOSURE AND MARKET COMMUNICATIONS

The Board recognises the importance of keeping the market fully informed of the Company's activities and of stakeholder communication in a timely, balanced and transparent manner, and is committed to compliance with ASX Listing Rules and *Corporations Act 2001* disclosure requirements.

Newcrest has a Disclosure Committee to assist in compliance with its disclosure obligations. The members of the Disclosure Committee are the MD & CEO, FD & CFO, General Counsel & Company Secretary and EGM – Public Affairs & Social Performance. The Head of Investor Relations is also invited to attend. The Disclosure Committee has delegated authority for making and executing disclosure decisions (save for matters expressly reserved to the Board) and overseeing investor relations functions.

The Disclosure Committee Charter describes the Committee's role, which is to support the primary disclosure obligation for the Company to disclose market sensitive information to the ASX and other exchanges on which it is listed promptly and without delay. A key responsibility of the Disclosure Committee is to assess and determine materiality for the purposes of the Company's disclosure obligations.

Newcrest has three policies which together make up the Company's disclosure framework. They comprise the publicly available Market Disclosure Policy (which is available on the Company's website: www.newcrest.com.au/about-us/corporate-governance), and the internal Market Releases and Investor Relations Policy and Media and External Communications Policy. The three policies are reviewed regularly.

The Company's Disclosure policies describe the systems and procedures in place to ensure that Company information considered to be material is announced immediately to the market through the ASX. The Market Releases and Investor Relations Policy and Media and External Communications Policy establish procedures and controls around public announcements, investor relations and external communications, including:

- (a) requiring all external presentation materials with an investor or analyst focus to be provided as a market release to the ASX and other exchanges, and made available on Newcrest's website;
- (b) requiring (so far as practicable) significant investor relations events to be webcast or recorded and made available through a link on Newcrest's website;
- (c) imposing an investor relations 'blackout' period (i.e. where investor meetings, site visits and other elements of the investor relations program are not scheduled or initiated) for a period of two weeks leading up to Newcrest's Half Year and Preliminary Final Reports and quarterly production results, and for such other periods and in relation to such other events as the Disclosure Committee determines to be necessary;
- (d) making all presentations at investor seminars and conferences and industry briefings subject to prior authorisation by the Disclosure Committee;
- (e) making all other sensitive documents to be provided to external parties, including presentations for external events, subject to prior approval from the line General Manager and Executive General Manager followed by the EGM – Public Affairs and Social Performance who will determine whether the materials also require investor relations and legal review. If the materials contain price sensitive information not previously disclosed to the market, review and approval by the Disclosure Committee is also required; and

- (f) requiring all investor relations presentations, meetings, briefings and discussions to be conducted by a specifically authorised spokesperson. At least one additional Newcrest employee who has had formal continuous disclosure training in the preceding 12 months should be present, where practical, for all presentations, meetings, briefings and discussions.

The nature and content of the discussion must be documented afterwards by the Newcrest participants (with the Disclosure Committee to be immediately informed in the event of any inadvertent market sensitive disclosure).

All releases made to the ASX are placed immediately on the Company's website. Other key communications are also placed immediately on the website, such as the Annual Report and Sustainability Report and the Notice of Meeting for the AGM. General and historical information about the Company and its operations is also available on the Newcrest website.

Newcrest webcasts the AGM, the half year and full year financial results presentations. Shareholders are encouraged to communicate with the share registry, Link Market Services, electronically. Shareholders may receive electronic versions or hard copies of key communications such as notices of meetings, annual reports and dividend statements.

9. DIVERSITY AND INCLUSION

The Company's Diversity and Inclusion Policy is available on the Company's website: www.newcrest.com.au/about-us/corporate-governance. The policy provides that the Human Resources and Remuneration Committee and the Board sets measurable diversity and inclusion objectives, and annually reviews the objectives and assesses Newcrest's progress in achieving the objectives.

The Executive Committee is accountable for the implementation of the Diversity and Inclusion Strategy and measuring Newcrest against both qualitative and quantitative targets.

The current Board represents a range of backgrounds and includes two female Directors. The Board considers diversity as an important factor for consideration in relation to Director appointments.

At least two updates in relation to diversity and inclusion are provided to the Human Resources and Remuneration Committee each year.

In June 2018, the following new diversity and inclusion targets were set by the Board for the period from 2018 to 2021 in accordance with the Diversity and Inclusion Policy:

- (a) increase the Australian representation of women in all levels to a minimum of 20%;
- (b) increase the Australian representation of women in levels 2 to 4 to a minimum of 22%;
- (c) gain baseline data understanding of Aboriginal and Torres Strait Islander employees (in FY19) and introduce targets (in FY20) to be delivered (in FY21 onwards);
- (d) increase the global representation of women in all levels to minimum of 15%; and
- (e) increase the representation of locals and/or nationals in levels 2 to 4 to 80%.

9. DIVERSITY AND INCLUSION CONTINUED

Set out below is a summary of the proportion of women at all Newcrest sites as at the end of the reporting period:

Newcrest Mining (all sites)	Proportion of females (as at 30 June 2018)
Board	25%
Senior Executives (defined as Key Management Personnel, as set out in the 2018 Remuneration Report)	22.2%
All employees (including Board and Senior Executives)	13.7%
Australian employees	17.8%
All employees in levels 2 to 4	14.2%
Australian employees in levels 2 to 4	21.1%
Locals and/or nationals in levels 2 to 4	76.8%

Note: excludes employees on leave without pay and casuals.

Further information in relation to the Company's diversity and inclusion initiatives and practices can be found on pages 18 and 19 of the Annual Report. Newcrest also lodges annual reports with the Workplace Gender Equality Agency (WGEA) in relation to its Australian operations. A copy of these reports may be obtained from the WGEA website.

10. AUDIT AND RISK MANAGEMENT

The Board recognises that risk management and internal controls are fundamental to sound management, and that oversight of such matters is a key responsibility of the Board. Newcrest has a Risk Management Policy. In the 2018 financial year, Management put in place an updated Standard and Procedure, supported by additional templates and explanatory documents.

Management of risk

The Board's role in relation to risk is to review and confirm that systems are in place which facilitate the effective identification, management and mitigation of any significant risks to which the Company is exposed. The Audit and Risk Committee assists the Board to fulfil its responsibilities for risk management processes, internal control processes and effectiveness, internal audit and compliance with applicable legal and regulatory requirements.

The Audit and Risk Committee's role in relation to risk is to assess and report to the Board as to the overall adequacy and effectiveness of the risk framework, risk assessment process and methodology, having regard to the fact that responsibility for some of the risk framework, risk assessment process and methodology may be allocated to other Board Committees from time to time. For example, key safety and sustainability risks are monitored and reviewed by the Safety and Sustainability Committee.

Newcrest has a detailed Risk Management Framework which is used to identify and evaluate potential risk events and establish management plans to improve control effectiveness and reduce the likelihood and consequence of the risk events occurring. The aim is to provide an overarching, uniform and consistent framework for identifying, assessing, monitoring and managing business risks which is embedded within business activities. These risks include strategic, operational, external and financial risks. The Company also regularly reviews and tests its crisis management and emergency management systems.

Following the implementation of a new company-wide approach for the identification and management of material risks during the 2017 financial year, in the 2018 financial year the Company continued with the objective of ensuring that each material business risk was identified, the related controls were appropriately analysed for effectiveness, and any required action plans were developed to address such risk. Performance in managing material business risk is reported by management to the Audit and Risk Committee at most Committee meetings. The risk management framework is reviewed by the Audit and Risk Committee at least annually and last occurred in August 2018.

A summary of Risks is set out in the Operating and Financial Review on pages 63 to 71 of the Annual Report.

Internal control framework

Newcrest has controls in place that are designed to support the Risk Management Framework, safeguard the Company's interests, and ensure the integrity of its financial reporting. Key controls include the following:

- (a) An integrated, robust planning and budgeting process delivering a detailed two year budget. The budget is subject to Board approval. Progress against performance targets is reported against monthly, and supplemented quarterly with forecast updates.
- (b) A comprehensive capital approval process controlling the authorisation of capital expenditure and investments. Key capital decisions are subject to technical and commercial review.
- (c) A system of delegated authorities which cascades authority levels for expenditure and commitments from the Board, to the MD & CEO, and then from the MD & CEO to the rest of the Company.
- (d) Appropriate due diligence procedures for acquisitions and divestments.
- (e) The annual preparation of a capital strategy document setting out the capital structure, liquidity and cash flow at risk objectives of the Company. In addition, Newcrest's Treasury department has detailed policies and systems for the management of debt, commodities and currency exposures, investment of surplus cash, and interest rate risk management.
- (f) A system of financial control processes to ensure the integrity of financial reporting.
- (g) Each half year, the completion by management of a detailed internal control questionnaire covering financial stewardship, and legal and risk issues.

10. AUDIT AND RISK MANAGEMENT CONTINUED

External audit

The Audit and Risk Committee is responsible for the selection, evaluation, compensation and, where appropriate, replacement of the external auditor, subject to shareholder approval where required.

The Company's current external auditor is EY. Reappointment of the external auditor is reviewed and approved annually. A tender process was last completed in relation to the role of the external auditor in June 2015.

The Audit and Risk Committee reviews EY's performance in the areas of company knowledge, quality of team, coverage ability (ability to cover all Newcrest locations and activities), industry knowledge, cost and audit methodology, which the Company believes are the critical elements of service delivery.

The Audit and Risk Committee ensures that the lead external audit partner and quality review partner rotate from that role every five years or, if they have acted in that capacity for five out of the last seven successive financial years, they are subject to a two-year 'cooling off' period following rotation. The Board may, in accordance with a recommendation from the Audit and Risk Committee, resolve to extend the five-year period by not more than two successive years, subject to compliance with the *Corporations Act 2001*. The current lead audit partner first undertook the role with respect to the 2018 financial year.

The Audit and Risk Committee meets with the external auditor throughout the year to review the adequacy of the existing external audit arrangements, with particular emphasis on the effectiveness, performance and independence of the auditor. The Committee also meets with the external auditor without the presence of management following most meetings.

The Audit and Risk Committee receives assurances from the external auditor that they meet all applicable independence requirements in accordance with the *Corporations Act 2001*, and the rules of the professional accounting bodies. This independence declaration forms part of the Directors' Report.

The external auditor attends the AGM and is available to answer shareholder questions regarding aspects of the external audit and their report.

Details of the services provided by EY to the Company, and the fees paid or due and payable for those services are referred to in the Directors' Report and set out in Note 36 of the Financial Report.

Internal audit

The internal audit function is managed by the Manager Internal Audit. The Manager Internal Audit, along with the Head of Risk & Assurance, reports to the General Manager – Finance & Risk and has direct access to the FD & CFO and the Chair of the Audit and Risk Committee. The Audit and Risk Committee recommends to the Board the appointment or dismissal of the Head of Risk & Assurance and assesses the effectiveness and recommended dismissal of the Manager Internal Audit.

The Audit and Risk Committee meets with the Head of Risk & Assurance and/or Manager Internal Audit, with or without other members of Management present, as considered appropriate by the Committee or requested by the Head of Risk & Assurance and/or Manager Internal Audit. The internal audit function has full access to all functions, records, property and personnel of the Company and is supported primarily by external consultants.

An annual Internal Audit Plan is provided to the Audit and Risk Committee for the Committee's approval. The annual Internal Audit Plan is risk based to cover material risks of the operating sites and processes. A status report on the execution of the plan, including current findings and actions is provided to the Audit and Risk Committee at most meetings. All material findings are reported to the Board. Corrective actions are monitored, reviewed and reported.

Management assurance

At the Board or Board Executive Committee meetings to approve each of Newcrest's half year and full year financial statements relating to the 2018 financial year, the Board received and considered a written statement (certificate of management assurance) from the MD & CEO and the FD & CFO in relation to Newcrest's system of risk oversight and management and compliance with internal controls.

Each assurance statement was supported by an internal process of compliance confirmations from Executive General Managers and General Managers responsible for operations and key functions.

The statement provided that, in the opinion of the MD & CEO and the FD & CFO, the financial statements complied with the Australian Accounting Standards and applicable regulations and presented a true and fair view of the Company's financial position and performance.

The statements also confirmed that the financial records of the Company had been properly maintained and that the opinions noted above regarding the integrity of the financial statements were based on a sound system of risk management and internal compliance and control which had been operating effectively.

The Directors made comprehensive enquiries of management, the Audit and Risk Committee and other relevant parties as to the content of the proposed financial statements, and applied their knowledge of the affairs of the Company in reading and approving the accounts.

11. SUSTAINABILITY

Sustainability is an important part of Newcrest's vision to develop successful mining operations through balancing economic prosperity, environmental quality and social responsibility.

In 2017, Newcrest became a member of the International Council on Mining and Metals (**ICMM**). The ICMM brings together the world's leading mining and metals companies and associations to address core sustainable development opportunities and challenges faced by the industry.

Newcrest is also a member of the Minerals Council of Australia, and in May 2005, became a signatory to 'Enduring Value' – the Australian Mining Industry Framework for Sustainable Development, that is based on the International Council on Mining and Metals Principles. Newcrest renewed its commitment to Enduring Value in the 2016 financial year.

In addition, Newcrest is a Supporting Member of the Extractive Industries Transparency Initiative and a member of the Voluntary Principles on Security and Human Rights Initiative.

The Safety and Sustainability Committee oversees, monitors and reviews the Company's practices and governance in the area of sustainability. The charter for the Committee is available on the Company's website: www.newcrest.com.au/about-us/corporate-governance.

Public reporting and an intent to keep the Company's stakeholders informed is a component of the Company's commitment to sustainability. The Company's annual Sustainability Report outlines Newcrest's safety, health, economic, environmental and social contribution and performances to the regions and communities where it operates. The report is available on the Company's website: www.newcrest.com.au/sustainability/sustainability-reports.

This Corporate Governance Statement was approved by the Board of Newcrest Mining Limited and is correct as at 14 September 2018.