

# Corporate Governance Statement

For the year ended 31 December 2017

BOART LONGYEAR LIMITED

This Corporate Governance Statement (**Statement**) sets out the key features of Boart Longyear Limited's (**Company**) and its affiliated companies' (**Group**) governance framework and reports against the Corporate Governance Principle and Recommendations (3<sup>rd</sup> edition) (**ASX Guidelines**). **Unless otherwise noted, the Company has followed all of the best practice recommendations set out in the ASX Guidelines. This Statement is current as at 30 March 2018 and has been approved by the Board of Directors of the Company.**

The Board is committed to conducting the Company's business in accordance with high standards of corporate governance and with a view to sustaining value for its shareholders. The Board has adopted an appropriate system of internal controls, risk management framework and corporate governance policies and practices.

**The Company's corporate governance policies and its Board and committee charters may be found on the Company's website at [www.boartlongyear.com/company/corporate-profile/corporate-governance/](http://www.boartlongyear.com/company/corporate-profile/corporate-governance/).**

## The Board of Directors

Go to [Board of Directors Charter](#)

The Board is responsible for verifying and approving the strategic goals of Boart Longyear and for oversight of management and direction of the Company's global business strategy, with the ultimate aim being to increase shareholder value.

The Board has in place a formal charter for the effective operation of the Board. The charter sets out:

- the Board's composition requirements;
- the term of office for directors;
- processes for evaluating director and Board performance;
- the role and responsibilities of the Board Chairman;
- the Board's functions and responsibilities, including matters specifically reserved for the Board;
- the authority delegated to the CEO and senior management;
- the Board's criteria for assessing director independence; and
- other administrative provisions.

The key functions and responsibilities of the Board include:

- providing strategic direction to management and approving the Company's global business strategies and objectives;
- monitoring the operational and financial position and performance of the Company, including approving budgets and business plans;
- monitoring the Company's capital structure (including debt capacity and liquidity);
- reviewing management's recommendations regarding the Company's funding requirements and available sources of funding, and any alternatives the Board considers appropriate;
- reviewing the prudence of gearing levels, interest cover and compliance with banking and other financial covenants;
- requiring that financial and other reporting mechanisms are put in place which result in adequate, accurate and timely information being provided to the Board and Boart Longyear's shareholders and the financial market as a whole being fully informed of all material developments relating to the Company;
- reviewing the composition, diversity, performance and compensation of the Board and management, including planning for executive succession;
- setting the risk appetite for the Company (including material economic, environmental and social sustainability risks) and taking reasonable steps designed to ensure that management establishes a sound risk management framework, including, in consultation with the Audit, Safety and Risk Committee, reviewing the framework at least annually;
- adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
- reviewing from time to time, the Company's internal compliance procedures so that the Company's business is conducted in an open and ethical manner and in accordance with the Company's duties and obligations under Work Health and Safety legislation;
- establishing, disclosing and implementing the Company's diversity policy;
- reviewing and, to the extent necessary, amending the Board and Committee Charters regularly; and
- determining the level of authority delegated to the Chief Executive Officer and Company management.

The Board has delegated to the Chief Executive Officer and to the Company's Executive Management responsibility for managing the business of the Company in compliance with Board policies, legal requirements and the fundamental standards of ethics and integrity reflected in the Company's [Code of Business Conduct](#). The Board policies and charter set clear thresholds for management authority and ensure accountability to, and oversight by, the Board and/or its committees for the approval of specific matters, including remuneration of senior executives, changes to the Company's share capitalisation, declaration of dividends, the Company's annual operating budget, material acquisitions and divestitures and changes to corporate strategy. Delegations are periodically reviewed by the Board and may be changed by the Board at any time.

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The Board is also assisted by the Company secretaries, who are directly accountable to the Board through the Chairman on all matters to do with the proper functioning of the Board and compliance with ASX Listing Rules and Guidelines.

## Composition of the Board

Go to 2017 Annual Report, pages 59-61 – Board of Directors at <http://www.boartlongyear.com/company/investors/annual-reports/>

The Board currently comprises seven non-executive directors (**NEDs**) and two executive directors. The Company's Constitution provides for a minimum of three and maximum of ten Directors (excluding alternate directors). The Board continues to hold a diverse range of skills and experiences to act effectively and in the best interests of its shareholders.

The Company's two executive directors are Mr Jeffrey Olsen, President and Chief Executive Officer (CEO) of the Company, and Mr Marcus Randolph, the Board Chairman. At the request of the Board, Mr Randolph maintains certain executive responsibilities to assist Mr Olsen in the fulfilment of his duties.

As part of the restructuring and recapitalisation of the Company, the shareholders approved at the Company's Annual General Meeting held on 13 June 2017, the appointment of directors nominated by Centerbridge Partners, L.P. (**Centerbridge**), Ares Management GP LLC (**Ares**) and Ascribe II Investments LLC (**Ascribe**). The shareholders have at present approved the director appointments of Messrs Cruz, Smith and Randolph who were nominated by Centerbridge and Mr Ireland who was nominated by both Ares and Ascribe. Mr. Wallman (nominated by Centerbridge) and Mr Waxman (nominated by Ares) were appointed to the Board as at 29 September 2017 and Mr Kern (nominated by Ascribe) was appointed to the Board on February 20, 2018.

As the Chairman continues to have some executive responsibilities in assisting the CEO, the Company did not comply with Recommendation 2.5 of the ASX Guidelines during the reporting period. The Recommendation provides that the Chairman of the Board should be an independent director.

## Skills and diversity of the Board

The Board, with the assistance of its Remuneration and Nominations Committee, regularly assesses the skills and diversity of the Board and considers whether the Board's composition and mix of skills are sufficient for the Board to competently discharge its responsibilities and meet its objectives. The Board has determined that together, Board members have a broad range of skills, extensive experience and knowledge and sufficient diversity necessary to oversee the Company's business.

The following Board skills matrix demonstrates the skills, experience and diversity of the directors in office as at the date of this Statement.

Skill	Percentage of Board with Skill as Area of Significant Experience
Mining Operations and Manufacturing	44%
Engineering/Technology	44%
Accounting/Finance	89%
Commercial/Sales/Business Development	78%
Governance	100%

  

Tenure	Percentage
<2 years	67%
2-5 years	33%
>5 years	0%

  

Gender	Percentage
Male	89%
Female	11%

Geography	Percentage with Significant Experience in Location
North America	100%
South America	44%
Australia/Asia	78%
Europe	78%
Africa	22%

## Director independence

Go to [Board of Directors Charter](#)

The Company recognises that a majority of its directors should be independent, and the Board reviews director independence at least annually. In assessing the independence of non-executive directors, the Board has considered the criteria detailed in the Board charter and the ASX Guidelines including, whether a director:

- is a substantial shareholder of the Company, or an officer of, or otherwise associated directly or indirectly with, a substantial shareholder of the Company;
- is or has been employed in an executive capacity by the Company or another member of the Group within the last three years, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services to the Company or another member of the Group;
- is, or has within the last three years been, in a material business relationship (e.g., as a material supplier or material customer) with the Company or another member of the Group, or an officer of, or otherwise associated directly or indirectly with, someone with such a relationship;
- has a material contractual relationship with the Company or another member of the Group other than as a Director of the Company;
- has close family ties with any person who falls within any of the categories described above;
- has served on the Board for such a period that his or her independence may have been compromised; and
- the director or any family member of the director has received compensation in excess of A\$100,000 from the Company during the past year other than in direct connection with the director fulfilling their role as a director of the Company.

The Board annually assesses the independence of each director in accordance with the Board's independence criteria. The Board has determined that Messrs Ireland, Smith, Wallman and Ms McClain are independent directors. The Board has also determined that Mr. Kern, who was appointed a director effective 20 February, 2018 is also an independent director.

The Board has considered the independence of several directors in light of their relationships with Centerbridge, Ares and Ascribe. Messrs Cruz, First (resigned as of 20 February, 2018) and Waxman are not regarded as independent due to their current or recent employment with Centerbridge, Ares and Ascribe, all significant shareholders in the Company.

Mr Randolph's nomination to the Board by Centerbridge also has been considered. Mr Randolph joined the Board as an independent, non-executive director and does not represent Centerbridge's interests on the Board, and the Board is comfortable that he is able to bring an independent judgment to bear on issues presented before the Board. The Board also took into account Mr Randolph's former employment as an executive of BHP Billiton. Although BHP Billiton is a material customer of the Company, the Board does not consider that Mr Randolph's prior relationship with BHP Billiton threatens his independence. The Company's relationship with this customer is a customary arms'-length customer-supplier relationship based on standard commercial terms, and Mr Randolph does not participate in any manner in the parties' commercial or operational relationship.

As discussed above, Mr Randolph continues to serve as Executive Chairman. The Board has determined, therefore, that Mr Randolph should not be considered as an independent director in light of the executive responsibilities he continues to exercise at the Company. Ms Gretchan McClain, Senior Independent Director, will preside over private sessions of the independent directors and otherwise represents the views of the independent directors.

Post recapitalisation from 1 September 2017 to 20 February 2018, the Company did not comply with Recommendation 2.4 of the ASX Guidelines as the majority of the Board was not independent non-executive directors. As at the date of this report and effective as of 20 February, 2018 the Company is in compliance with Recommendation 2.4 of the ASX Guidelines as the composition of the Board is comprised of a majority of independent non-executive directors.

## Board processes

The Board meets at least five times a year and convenes additional meetings as required. Certain senior executives participate in Board and committee meetings to provide the directors with access to key operating, financial and compliance personnel on a regular basis. In addition, the directors have access to other Company employees in Board and committee meetings and in other settings.

Details about the number of times the Board met throughout the financial year ended 31 December 2017 and the attendance of each Director at those meetings can be found on page 62 of the Company's 2017 Annual Report

## Board and Director nomination and selection

The Remuneration and Nominations Committee assists the Board with respect to succession planning and the assessment of director candidates, having particular regard to ensuring that the Board is comprised of directors with the appropriate balance of skills, experience, diversity and expertise. Boart Longyear undertakes appropriate checks of director candidates as part of assessing their suitability for appointment to the Board or election by shareholders. When candidates are submitted to shareholders for election or re-election, the Company includes in the notice of meeting all information in its possession that is material to the decision whether to elect or re-elect the candidate.

## Director induction and continuing education process

Upon appointment, non-executive directors are given an appointment letter setting out the terms of appointment. The letter details the director's obligations, including to:

- act in the best interests of the Company at all times;
- submit to re-election from time to time as required by the Company's constitution;
- notify the Chairman of any change in circumstances that might prevent the director from being regarded as independent;
- comply with the Company's constitution, governance policies and all applicable legal requirements, including the Company's Securities Trading Policy;
- devote sufficient time to prepare for and attend Board meetings and otherwise to discharge the director's duties;
- keep confidential, and not use for the benefit of any person or party other than the Company, any confidential information of the Company; and
- disclose any directorships, business interests or circumstances that might represent conflicts of interests or reasonably be perceived to interfere with the exercise of the director's independent judgment, or have an adverse impact on the Company's reputation or public profile.

The appointment letter also confers certain benefits and rights upon the director, including indemnities and insurance coverage for liabilities arising out of the discharge of the director's duties and unfettered access to papers, information and employees of the Company. In addition, directors may, with the approval of the Chairman, consult with professional advisors.

The Company has established an induction process for new directors to inform them of the nature of the Company's business, strategies, risks and issues, and expectations about director performance, including awareness of continuous disclosure principles. The Company's induction process also includes meetings with senior management, including the leaders of the Company's business units and administrative functions. The Company has completed its induction process for all of its current directors.

Directors may also engage in continuing education in respect of the skills and knowledge relevant to the Company, the industry in which the Company operates and the obligations of a listed company director. In addition, the Company occasionally engages professional advisors and other third parties to assist with the directors' awareness of regulatory developments and matters impacting on the discharge of their duties.

## Board Committees

The Board was assisted by the following committees during the financial year ended 31 December 2017 in discharging its responsibilities:

- Audit, Compliance and Risk Committee (later renamed the Audit, Safety and Risk Committee);
- Environment, Health and Safety Committee (this committee was combined with the Audit, Compliance and Risk Committee as of 1 September 2017 as described below); and
- Remuneration and Nominations Committee.

In September 2017 the Company combined two committees, Audit, Compliance & Risk Committee and the Environment, Health & Safety Committee, into one committee called the Audit, Safety and Risk Committee. In addition, the Company

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dissolved the Restructuring Committee which was in place during 2016 and restructuring related matters were instead addressed at Special Board Meetings during 2017.

The committees have written charters that are reviewed annually. All non-executive directors may attend any committee meeting. The Chairman of each committee reports on committee proceedings at the next Board meeting, and minutes of all committee meetings are circulated to directors in subsequent Board meeting papers.

Details about the number of times each Committee met throughout the financial year ended 31 December 2017 and the attendance of each Director at those meetings can be found on page 62 of the Company's 2017 Annual Report. Further details about the skills and experience of each Board and Committee member, including each Director's length of tenure, can be found on pages 59 to 61 of the Company's 2017 Annual Report.

## Audit, Safety and Risk Committee

Go to [Audit, Safety and Risk Committee Charter](#)

Boart Longyear places a high priority on safety, management of operational risks and compliance with environmental laws and regulations. The Audit, Safety and Risk Committee assist the Board in the effective discharge of its responsibilities in relation to:

- external and internal audit functions;
- accounting policies;
- financial reporting;
- financial matters including treasury risks and practices (including hedging and risk management), insurance requirements and employee benefit plan investment policies;
- performance and funding requirements;
- business risk monitoring;
- certain legal and regulatory compliance matters;
- assessment of health, safety and environmental policies, processes and programs to ensure consistent with Company's strategy and risk tolerance; and
- review of safety, health, environmental and security related emergency response planning procedures of the Company.

The Audit, Safety and Risk Committee charter also sets out the duties of the Committee, including to:

- evaluate, and review the appointment of, the external auditor, including the provision of non-audit services;
- make recommendations on the appointment, and performance, of the internal auditor;
- review the accounting policies of the Company;
- review in detail and report to the Board on the integrity of Boart Longyear's half year and annual financial statements;
- assist the Board as required in relation to the identification of the principal financial and compliance risks faced by the Company and review steps taken by management to implement controls and otherwise mitigate risks;
- receiving and reviewing reports from management on the status of compliance with the safety, health and environmental policies of the Company and on compliance with all applicable regulatory requirements including, where considered appropriate, through internal and external audits;
- in the event of the occurrence of a material safety, health or environmental incident, which occurrence is required to be reported to appropriate regulatory authorities and may have a material effect on the financial condition or reputation of the Company, receiving and reviewing reports from management detailing the nature of the incident and describing the remedial action being taken;
- reviewing such other safety, health and environmental matters as the Committee may consider suitable or the Board may specifically direct; and
- reviewing proposed new (or amendments to existing) safety, health or environmental regulations in jurisdictions applicable to the Company and its Directors and officers.

Under the Audit, Safety and Risk Committee charter, the Committee is to consist of at least three members, all of which are non-executive directors, and the chairman should be an independent director who is not the Chairman of the Board. It is expected that each member of the Committee should be financially literate, and at least one member should have significant expertise in financial reporting, accounting or auditing. The current members of the Committee are Messrs Wallman (Chair), Kern, Smith and Ms McClain.

## Remuneration and Nominations Committee

Go to [Remuneration and Nominations Committee Charter](#)

The Remuneration and Nominations Committee supports the Board in the effective discharge of its responsibilities in relation to:

- remuneration of executives and non-executive directors;
- recruitment and retention of management; and
- Board composition including Board diversity and succession planning.

In particular, the scope of the Committee's responsibilities include:

- reviewing the executive remuneration policy of the Company to ensure that it motivates management to pursue the Company's strategic priorities and is clearly linked to performance;
- reviewing the policy and any proposed change for the remuneration of non-executive directors, including the process for allocating the fee pool approved by shareholders;
- reviewing safety objectives for purposes of the Company's corporate bonus plan (or such other incentive programs as may be relevant) and making recommendations to the Board regarding the appropriateness of those objectives.
- assessing the skills required for the Board to competently discharge its responsibilities and meet its objectives;
- making recommendations to the Board in relation to the appointment and re-election of directors; and
- reviewing the diversity policy of the Company and reporting to the Board on whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees.

Under Recommendation 8.1 of the ASX Guidelines, the Committee is to consist of at least three directors, the majority of which will be independent directors and all of which will be non-executive directors. The Chair of the Committee should also be an independent director. Although the Chair (Ms McClain) and Mr Ireland are independent directors, the majority of the members are not independent directors as Messrs Cruz and Waxman are not independent by virtue of their employment with Centerbridge and Ares respectively. The Board has reviewed and considered the fact that this committee is comprised equally of members which are independent as well as not independent and does not believe that the lack of a majority of members being independent affects the judgment and independence of this committee as a whole.

## Performance evaluation and remuneration

### Board and Director performance

The Board regularly monitors its performance and the performance of the directors and committees throughout the year and also conducts a review of their performance on an annual basis. The Board's formal assessment process includes performance assessments of the Board, Board committees and individual directors. As part of the assessment process, each director and certain executives complete a questionnaire on the operation of the Board and its committees and the performance and contributions of the directors. The results of the questionnaires are compiled by the Chairman of the Board or committee, as applicable. Board and committee performance evaluations were not completed in the financial year ended 31 December 2017 due to the high turnover of Board members post restructuring in 2017.

### Executive performance

The Company employs a structured performance evaluation process to ensure that senior executives are motivated to deliver shareholder value and are accountable to the Board at all times. The process commences each financial year when the Board establishes and approves corporate performance objectives, as well as individual performance objectives for senior managers of the Company. The Company continuously monitors its remuneration plans and arrangements to ensure they remain appropriate for its executives, directors and shareholders.

Senior executive performance evaluations were conducted for 2017 and details of the results of these evaluations, and their impact on executive remuneration, can be found in the Remuneration Report, on pages 30 to 45 of the Company's 2017 Annual Report (**2017 Remuneration Report**). Performance against each senior executive's strategic personal objectives impacts the potential incentive an executive may receive under the Company's short-term incentive plan and long term incentive plan, which also sets corporate financial performance and safety objectives that must be met.

## Remuneration

Go to 2017 Annual Report pages 25 to 58 – Remuneration Report at <http://www.boartlongyear.com/company/investors/annual-reports/>

Details regarding the policies and practices of Boart Longyear regarding the remuneration of non-executive directors, executive directors and senior executives are contained on pages 25 to 58 of the 2017 Remuneration Report. The 2017 Remuneration Report also details the results of the above performance evaluations of the Company's senior executives and the impacts on individual remuneration levels.

Non-executive directors are not entitled to receive any performance-related remuneration, such as short-term or long-term incentives. Non-executive directors are remunerated by a fixed annual base fee with additional fees paid for serving on Board committees. At the 2016 Annual General Meeting of the Company, shareholders approved non-executive directors' ability to contribute an amount equivalent to 50% of their annual base directors' fees towards acquiring ordinary shares in the Company. In light of the restructuring in 2017, the Board members elected to suspend this practice.

Each executive director and senior executive has a written contract with the Company, details of which are included in the 2017 Remuneration Report.

## Risk management and sustainability

Go to [Risk Management Policy](#)

The Board recognises that disciplined risk management and sound internal controls are fundamental to good corporate governance, and the Board and senior management accept their responsibility to identify and manage risk on an ongoing basis. The Company maintains an Enterprise Risk Management (ERM) system to systematically assess the consequences of risk in areas such as market, health and safety, environment, finance, legal compliance and reputation and tracks appropriate mitigation actions for identified risks. The Company's risk management framework consists of a number of controls, including:

- documented systems, procedures, authorities and delegations for the orderly management of the Company;
- policies and ethical standards, and ensuring that employees understand such obligations;
- risk-based internal audits to test the Company's controls and assist management with the enforcement of Company policies;
- certifications from management and process owners throughout the Company regarding the design and operation of risk management systems, internal controls and compliance;
- a formal risk management system, overseen by the Associate General Counsel and the Audit, Safety and Risk Committee, based on a written risk management policy; and
- regular corporate risk identification and mitigation reviews.

The Board reviews on an annual basis the risk registers prepared by corporate management. The Board also reviews the risk management framework at least annually and takes reasonable steps to implement appropriate controls and otherwise mitigate risk. The Board reviewed the risk management framework for the financial year ended 31 December 2017 and is satisfied that it continues to be sound.

## Integrity of financial reporting

Prior to approving the Company's financial statements for a reporting period, the Board receives from its Chief Executive Officer and Chief Financial Officer a declaration that, in their opinion, the financial records of the entity have been properly maintained, the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the entity, and the opinion has been formed on the basis of a sound system of risk management and internal controls that is operating effectively.

Such declarations were received by the Board in respect of both the half-year and full-year financial statements for 2017.

The declarations are supported by certifications made to the Chief Executive Officer and Chief Financial Officer by certain operating and financial managers of each of the Company's divisions as well as other accounting, tax and financial personnel in the Company's significant operating jurisdictions. The certification framework provides a reasonable, but not absolute, level of assurance and does not imply a guarantee against adverse events or more volatile outcomes arising in the future. Management also reports to the Board on the effectiveness of the Company's management of material business risks.

## Internal Audit

The Company has a robust global internal audit function which is independent from the external auditor, is staffed by two professional auditors and is led by the Associate General Counsel, who reports to the Audit, Safety and Risk Committee as well as to the Sr. VP, General Counsel and Company Secretary. Internal audit provides annual independent assurance over the effectiveness of the Company's risk management, internal controls, and governance processes.

## Environmental performance and sustainability

Go to [Environment, Health and Safety Policy](#) and [Environment, Health and Safety at Boart Longyear](#)

Boart Longyear is committed to responsible and ethical compliance with environmental matters and continuously seeks to minimise the environmental impact of its operations. In September 2017 the Board elected to combine the Environment, Health and Safety Committee with the Audit, Compliance and Risk Committee. The combined committee is called the Audit, Safety and Risk Committee. The Board, with the assistance of the Audit, Safety and Risk Committee, monitors environmental performance against relevant legislation and Company values and monitors any required remedial action.

The Company's environmental sustainability efforts have been focused on reducing the environmental impacts of its operations, primarily as they relate to impacts to air and water quality and waste generation from the Company's operations and the establishment of strategies to reduce such impacts through improved efficiencies, conservation and recycling as well as the reduced use of hazardous substances, wherever possible. Additional information about the program is available on the Company's website at <http://www.boartlongyear.com/company/sustainability/>.

The Company's operations are subject to various environmental regulations in the jurisdictions in which it operates, including in Australia under Commonwealth, State and Territory legislations. Applicable environmental requirements, licenses and permits are identified in each business unit's risk register, which forms part of the consolidated Company's Environmental, Health and Safety (EHS) Management System. The consolidated global EHS Risk Register is reviewed annually by the Director of EH&S to ensure that cited regulations are current and to document whether or not compliance has been achieved. Where a non-compliance is discovered, corrective actions are immediately developed to address the issue and to ensure that any reporting requirements are included in the compliance plan. All agency interactions, including inspections, meetings, hearings or the receipt of environmental citations, notices of violations, penalties or compliance orders are tracked in the corporate EHS Information Management System and reported to the Board.

Environmental inspections are conducted monthly by each business entity globally. Additionally, a system of both internal and external audits evaluate conformance with the ISO-14001 international standard for environmental management systems, and legal compliance is also incorporated within that audit process. The Company continues to maintain its ISO-14001 certification for all global operations and facilities.

Management and the directors are not aware of any business unit operating in material breach of any environmental regulations, including under any applicable law of the Commonwealth or of a State or Territory, during the calendar year ended 31 December 2017 or as at the date of this report. Nor is the Company aware of any fines, citations or other significant regulatory enforcement action having been taken against the Company in Australia or another jurisdiction during such period.

## Material risks

Go to *2017 Annual Report, pages 23 to 24 – Key Risks* at <http://www.boartlongyear.com/company/investors/annual-reports/>

Details regarding the material market, operational, liquidity and indebtedness, tax, government and regulatory risks faced by the Company are contained on pages 23 to 24 of the Company's 2017 Annual Report. This section of the Annual Report explains the Company's exposure to various risks and how the exposure is managed.

## Boart Longyear's policies

### Code of Business Conduct, values and actions

Go to [Code of Business Conduct](#)

Boart Longyear's directors, management and employees are required to adhere to the Company's core values and act with integrity at all times and maintain high ethical standards. The Code of Business Conduct (**Code**) also applies to anyone working on behalf of the Company including vendors, suppliers, service providers, consultants and other third parties. The Company's Code addresses a broad range of matters, including:

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- conflicts of interest and the preservation and proper use of Company assets;
- protection of confidential and commercially sensitive information;
- employment legislation;
- competition law and fair dealing;
- environmental protection, health and safety considerations;
- improper payments, bribery and money laundering, including transactions with government officials;
- financial reporting and accurate record-keeping; and
- each person's affirmative duty to report violations of policy or law through a global anonymous helpline monitored by a third party service provider.

The Company supplements the Code of Business Conduct with additional global policies that provide more detailed guidance on substantive legal requirements and other principles and requires employees to successfully complete assigned annual compliance training courses on an ongoing basis. Such additional policies include:

- Whistleblower and Retaliation Policy;
- Workforce Diversity Policy;
- Environmental, Health & Safety and Environmental Sustainability Program;
- Competition and Antitrust;
- Anti-bribery and Anti-money Laundering;
- Procurement Practices and Global Purchasing;
- Information Security;
- Global Record Retention; and
- Social Media.

In addition, the Company maintains, and actively promotes the use of, several systems for employees and other persons to report potential violations of the Code of Business Conduct and other policies. Reported concerns are investigated by the Company's legal department or external legal counsel and reported to the Board.

## Securities Trading Policy

Go to [Securities Trading Policy](#)

The Company's Securities Trading Policy sets out the circumstances in which Key Management Personnel (**KMP**) including directors and senior employees and all other employees are permitted to trade in the Company's shares. The policy sets out the Company's rules for dealing in securities and the procedures KMP and other designated employees must follow for prior approval to deal in Company securities. The policy establishes closed periods when transactions may not take place and also includes prohibitions against short-term trading and hedging or other transactions that limit the economic risk of employees in respect of Company securities granted as remuneration.

## Workforce diversity

Go to [Workforce Diversity Policy](#)

In accordance with Company's Workforce Diversity Policy, the objectives that follow, and noted progress towards achieving those objectives, were reported to the Remuneration and Nominations Committee. Given on-going challenging market conditions, overall employment levels continued to drop during 2017 and recruiting and employment opportunities were extremely limited. Such reductions in the Company's workforce and limited recruitment opportunities have negatively impacted progress towards the Company's diversity objectives as noted below.

- **Objective:** Continue progress in increasing female representation among all employees (excluding drillers and driller helpers) and more specifically in senior management.

### 2017 results:

- Female representation among all employees (excluding drillers and driller helpers) decreased to 16.4% (from 21% in 2015 and 18% in 2016);
- Female representation among senior managers increased to 11.4% (from 16% in 2015 and 9% in 2016); and
- During 2017, the Board's female gender diversity composition was reduced to 11% from 25% (2016).

- **Objective:** Assess current recruiting practices to ensure directors and employees are selected from a diverse pool of candidates. Identify and utilise alternative recruiting sources targeting female and minority candidates.

### 2017 results:

- Limited progress was made on this objective, as recruitment activity in 2017 was extremely low because of market conditions and overall reductions in the size of the Company's workforce.

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- **Objective:** Conduct a global gender salary review to ensure equality in salaries for directors, executives and senior employees.

**2017 results:**

- Review completed with 3 positions identified as having a greater than 10% difference which were all explainable based on non-gender specific criteria (tenure, experience, and scope).

- **Objective:** Continue to increase participation in diversity programs to train and upskill nationals and indigenous in various countries.

**2017 results:**

- Australia – continued participation in Project Bridge, a partnership between Evolution Mining Cowal Gold Operations, the Wiradjuri Condobolin Corporation (WCC), and key Evolution suppliers (such as Boart Longyear). WCC represents the Traditional Owners of the land on which Cowal gold operations are located and Project Bridge maximises education and employment opportunities for the local Wiradjuri people and Central West community. Boart Longyear has two Indigenous employees who are Driller Assistants.
- Canada – increased joint venture initiatives with First Nation partners, such as the Golden Predator 3 Aces Drill Program, a joint venture with Liard First Nation to increase Boart Longyear’s drilling workforce with local employees from the Yukon. Boart Longyear has 89 employees who self-identify as First Nation status and who work across all four drilling divisions spread throughout Canada.
- Indonesia – continued several external training programs to national employees to further upskill nationals. In 2016, 100 nationals were trained or certified for 20 modules and in 2017, 69 nationals were trained or certified for 18 modules. In 2017, three nationals took over expatriate roles as site manager, drilling field supervisor and mechanic supervisor. In addition, a national field supervisor received several promotions.

The levels of gender diversity as at 31 December 2017 were:

Gender Diversity	Male	Female
Total Employees	90.7%	10.2%
Total Employees (excl. Drillers and Driller Helpers)	83.6%	16.4%
Senior Managers	88.6%	11.4%
Board of Directors	88.8%	11%

The Company defines a “senior manager,” as reflected in the above table, as an employee with a title of “director” or above. At 31 December 2017, there were 44 employees at or above such a level among a global workforce of 4,878 employees.

## Continuous disclosure and communication with shareholders

Go to [External Communications Policy](#) and [Boart Longyear – Corporate Governance](#)

The Board aims to ensure that all of its shareholders and the market are kept fully and promptly informed of all potentially price-sensitive developments and changes that are likely to materially affect the Company’s operations, financial results or business prospects.

Boart Longyear’s External Communications Policy details the Company’s continuous disclosure obligations and how the Company manages those obligations. The Company ensures that information is appropriately disclosed to the market in a timely and effective manner through a variety of internal reporting and regular information monitoring processes that are overseen by the directors, the Company secretaries and management’s Executive Committee. The External Communications Policy also establishes protocols for external communications to ensure that all such communications are factual, subject to internal review and authorisation prior to issue, contain all material information and are timely and expressed in a clear and objective manner.

Boart Longyear values engagement with its shareholders, providing an understanding to the market of the Company’s business, performance and governance. The Company uses the following procedures for engaging with its shareholders:

- **Periodic Reporting:** The Company produces financial statements for its shareholders and other interested parties twice per year and allows shareholders to receive these documents by mail or access them electronically (<https://www.boartlongyear.com/company/investors/earnings-reports/>). In addition, the Company endeavours to provide key operational and financial performance indicators on at least a quarterly basis throughout the year.
- **Annual General Meeting:** Shareholders are encouraged to attend the Annual General Meeting each year and are provided with an explanatory memorandum on the resolutions proposed through the Notice of Meeting. If unavailable to attend, shareholders are encouraged to appoint a proxy to vote/attend on their behalf. The Company requires its external auditor to attend each Annual General Meeting and be available to answer

# Corporate Governance Statement

For the year ended 31 December 2017

BOART LONGYEAR LIMITED

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questions from shareholders about the conduct of the audit and the preparation and contents of the auditor's report.

- *Website:* The Boart Longyear website provides information on the Company's products and services as well as information useful to shareholders and market participants (<https://www.boartlongyear.com>). In particular, the Investor and Corporate Governance sections direct shareholders to information likely to be of greatest interest to them.
- *Investor Relations:* The Company has an investor relations function to manage and assure prompt and relevant communications with shareholders and the market generally. The Company posts material information for its shareholders, such as ASX announcements and financial results, on its website at <http://www.boartlongyear.com/company/investors/>. Investors can contact the Company or its share registry, Link Market Services, directly by email or by mail and can in turn choose to receive communications electronically.

## Donations

Boart Longyear contributes to the communities in which it works with donations, sponsorship and practical support. The Company does not make political donations. The Company's Charitable Giving Policy formally establishes the framework and requirements for all charitable giving by, and on behalf of, all Company operations and units. The policy aims to align Company charitable giving with the charitable interests of employees and regional operations by soliciting proposals directly from them in order to target projects and causes in which the employees and regional operations actively participate. The Company targets projects that have clear objectives and outcomes promoting the following:

- Education and opportunities for children – programs and opportunities that assist young people to develop marketable skills and competencies, particularly in the areas of engineering, science and technology; and
- Health and preventive care – programs that improve the health and safety of employees, their families and their communities by improving access to critical resources and addressing endemic illnesses, including providing access to clean water sources and supporting the development of malaria vaccinations and treatments.

The Company's charitable giving is overseen by its management Executive Committee.