Newcrest Mining Limited Corporate Governance Statement 2015

Newcrest's Corporate Governance Statement sets out in detail the Company's corporate governance processes and structure as at 14 September 2015, including for the year ending 30 June 2015. 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 (**ASX Principles and Recommendations**). As at the date of this statement, the Company's corporate governance practices comply with the ASX Principles and Recommendations.

This statement and an ASX Appendix 4G were lodged with ASX on 28 September 2015 and are provided in the corporate governance section of our website at www.newcrest.com.au/about-us/corporate-governance.

The corporate governance section of our website also provides further information on our governance arrangements, including our Board and Board Committee Charters and key policies.

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/media/general/Board_Charter.pdf.

The Board has delegated to the Managing Director & 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. The Board has approved a formal Statement of Management Authorities and Responsibilities, which is supported by a comprehensive financial controls framework of delegated authorities, including authorities delegated to individual Executives.

Board Composition

Newcrest's Board currently comprises ten Directors: two Executive Directors (the MD & CEO – Sandeep Biswas, and the Finance Director & Chief Financial Officer (**FD & CFO**) – Gerard Bond) and eight 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, with the support of the Nominations Committee.

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 6 to 7 of the Annual Report and on the Company's website.

On 30 July 2015, the Company announced the following changes in Directors:

- the resignation of Tim Poole with effect from 30 July 2015;
- the intended retirement of Vince Gauci with effect from the end of the Annual General Meeting on 29 October 2015; and
- the appointment of Xiaoling Liu and Roger Higgins with effect from 1 September 2015 and 1 October 2015 respectively.

The Board reviews succession on an ongoing basis and has determined that, as a general rule, a Non-Executive Director will not serve on the Board for more than 9–10 years. 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.

Selection and Appointment of Directors

The Board regularly reviews its structure, size and composition to ensure that it has the range of skills, expertise and experience demanded by the Company's operations.

The Company seeks to maintain a Board with a mix of diversity (including in relation to gender, age, culture and experience), a broad range of skills focused on resource, operational and mining-related expertise, broad commercial, legal and financial understanding, and business experience and strength in other key areas such as health, safety and environment, appropriate to meet the needs of a business of Newcrest's size and complexity.

Since April 2015, the Board has sought to formalise that process by utilising a Skills and Experience Matrix to assist in identifying areas of focus and maintaining a suitable range of skills and experience. The Board Skills and Experience Matrix sets out the skills and experience that the Board is looking to achieve in its membership and identifies the Directors who have such skills and experience.

Board Skills and Experience Matrix

Board Skills and Experience	From 1 to 29 October (out of 11 directors)
Operational related experience	
Resources	10
Exploration	5
Engineering	7
Health and safety	8
Marketing	4
Leadership	
CEO experience	9
Board and Committee experience	11
Finance and Risk	
Accounting/ audit/ risk management	8
Finance and investment	6
Legal and government	4
People	
Human resources	8
Global expertise	8

Note: There will be 11 Directors from 1 October 2015, when Roger Higgins' appointment as a Director takes effect.

The Board considers that each of the areas identified in the Board Skills and Experience Matrix is currently well represented on the Board and will continue to be represented throughout the succession announced on 30 July 2015.

Nominations to the Board are considered by the Board Nominations Committee, which was constituted in April 2014 and comprises the Chairman of the Company and two other Non-Executive Directors. Details of the role and composition of the Nominations Committee are set out under 'Board Committees'.

When considering new appointments to the Board, suitable candidates are identified considering the Board Skills and Experience Matrix. External professional advisers are engaged to assist in this process as required.

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.

Director Induction Training and Continuing Education

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

The Board undertakes visits to at least two sites each year by rotation. The Board and Committees also receive updates from management as to material developments in the law and accounting standards which are relevant to the Company and its operations. In addition, the Board receives training on topics considered by the Board or Management to be necessary or desirable to develop and maintain the Directors' skills and knowledge.

Board Committees

There are four standing Board Committees, which assist the Board by providing detailed analysis of key issues. These are: the Audit and Risk Committee; the Safety and Sustainability Committee; the Human Resources and Remuneration Committee; and the Nominations Committee.

Each standing Committee meets at least four times per year and otherwise as required and has its own charter. The charters are available on the Company's website: www.newcrest.com.au/about-us/corporate-governance.

The Board also operates a Board Executive Committee on an ad hoc basis, which meets as required at the direction of the Board.

All members of each Committee, other than the Board Executive Committee, are independent Non-Executive Directors, appointed by the Board. 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 financial year, and the attendance of each Director or Committee member at the meetings, are set out on page 37 of the Directors' Report in the Annual Report.

Audit and Risk Committee

Members: At least three independent Non-Executive Directors. Current members are John Spark (Chairman), Rick Lee and Xiaoling Liu. (Richard Knight resigned in February 2015 and Tim Poole resigned in July 2015.)

The Committee oversees, reviews and makes recommendations to the Board with respect to the following matters:

- financial reporting principles and policies, controls and procedures;
- the integrity of the Company's financial statements;
- compliance with all accounting and financial reporting obligations and relevant legal and regulatory requirements;
- risk identification and management processes and internal control processes and effectiveness;
- insurance; and
- the performance and independence of the external auditors and the internal audit function.

Committee members have access to the Company's external and internal auditors without management present.

Details of the qualifications and experience of the members of the Audit and Risk Committee are set out on pages 6 to 7 of the Annual Report.

Safety and Sustainability Committee

Members: At least four independent Non-Executive Directors. Current members are Richard Knight (Chairman), Phil Aiken, Vince Gauci, Winifred Kamit and Xiaoling Liu.

This Committee reviews and makes recommendations to the Board with respect to the following matters:

– safety, health and environment;
– relationships with communities;
– sustainability; and
– human rights and security of communities, employees and operations.

Further discussion on the Company's approach to sustainability is set out later in this document and in its Sustainability Report 2014, which is available on the Company's website: www.newcrest.com.au/sustainability/current-sustainability-report.

Human Resources and Remuneration Committee

Members: At least four independent Non-Executive Directors. Current members are Rick Lee (Chairman), Phil Aiken, Vince Gauci, Winifred Kamit and Xiaoling Liu. (Tim Poole resigned in July 2015.)

This Committee assists the Board to fulfil its responsibilities for oversight and approval of the human resources and remuneration policies and practices of the Company. In particular, it considers and makes recommendations with respect to matters including:

– the Company's remuneration framework and levels for all employees, including Executives, and Executive and Non-Executive Directors;
– organisational design and human capability;
– behavioural and cultural framework and practices of the Company;
– implementation and administration of major components of the Company's remuneration strategy;
– human resources and remuneration strategies, policies and practices;
– performance management practices and outcomes;
– appointment of remuneration consultants;
– industrial relations policies, practices and strategies; and
– preparation of the Remuneration Report.

The Committee also considers and monitors the Company's practices in relation to diversity, including gender diversity.

Nominations Committee

Members: At least three independent Non-Executive Directors, including the Chairman of the Board. Current members are Peter Hay, John Spark and Phil Aiken. The Chairman of the Board is the Chairman of this Committee.

The Committee supports the Board with respect to the following matters:

– Board composition and diversity;
– Board succession planning;
– director selection, appointment, election and re-election;
– director induction and continuing development;
– evaluations of the performance of the Board, its Committees and individual directors; and
– succession planning for the Chairman, MD & CEO and key senior executive roles.

The Board remains responsible for the appointment of the MD & CEO as per its charter.

Board Executive Committee

Members: The Chairman, MD & CEO (or in his absence the FD & CFO) and one other Non-Executive Director.

This Committee acts 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.

Company Secretary

The Company Secretary is 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 Secretary. The appointment and removal of the Company Secretary are matters for the full Board. Francesca Lee was appointed as General Counsel & Company Secretary on 31 March 2014. Details of the qualifications and experience of Francesca Lee are set out on page 36 of the Annual Report. Claire Hannon was appointed as an additional Company Secretary on 30 July 2015.

Director Independence

The Board's Director Independence Policy is available on the Company's website: www.newcrest.com.au/media/general/Director_Independence_Policy.pdf.

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 Newcrest's Director Independence Policy. 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 Director Independence Policy aligns with the guidance provided by the ASX Principles and Recommendations.

All Directors are required to disclose their relevant interests and to give notice of any potential conflict of interest. Each Director is required to disclose any business or other relationship that he or she has directly, or as a partner, shareholder or officer of a company or other entity, that has an interest in the Company or a related entity.

The Board assesses the independence of each Director before appointment, and then at least annually. The Board also periodically reviews its approach to assessing Director independence.

In August 2015, the Board considered whether the Non-Executive Directors satisfy the Company's criteria for independence, as set out in the Director Independence Policy. As part of its assessment, the Board considered the length of service of each Non-Executive Director, as shown below.

Director tenure

Name	Length of service
Peter Hay	2 years
John Spark	8 years
Rick Lee	8 years
Richard Knight	7 years
Vince Gauci	6 years
Lady Winifred Kamit	4 years
Phil Aiken	2 years
Sandeep Biswas	1 year
Gerard Bond	3 years

The Board concluded that each of the current Non-Executive Directors, including the newly appointed Directors, Xiaoling Liu and Roger Higgins, is independent.

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.

2. BOARD AND EXECUTIVE PERFORMANCE

Board Performance Evaluation

In recent years, an annual review has been undertaken as to the Board's performance and effectiveness and that of its Committees and individual Directors. The annual reviews have been undertaken either directly by the Board or Nominations Committee or through engagement of independent consultants.

An in-depth review was conducted from October to December 2014 by an independent consultant. It was based on attendance at a Board meeting and the AGM, a formal questionnaire completed by Directors, interviews with Directors, feedback from senior employees and assessment of previous board packs.

The review concluded that the composition, skills and experience of the Board were well able to support the MD & CEO and his focus on safety, operational discipline, free cash flow and profitable growth. The findings and recommendations of the review were provided to the Board.

The outcomes of the review were considered by the Nominations Committee with changes effected where required. In particular:

(a) a Board Skills and Experience Matrix has been formalised (and is summarised above);

(b) succession planning has resulted in the appointment of two new Directors; and

(c) Board Meeting agendas have been structured to allow an increased focus on strategic matters and incorporate briefings from a wider range of General Managers.

Consideration to improve the functionality and performance of the Board and its Committees occurs at regular intervals.

Executive Performance Evaluation

The Company has in place a performance appraisal 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 a written position description and executive services agreement, and each of those who were employed by the Company during the 2015 financial year has undergone a performance review since the conclusion of the 2015 financial year. Details of the outcomes of the performance reviews are set out in the Remuneration Report.

3. DIRECTORS' FEES AND EXECUTIVE REMUNERATION

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 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 $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.

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 formally assessed each year.

The Board has established with the MD & CEO, specific personal and corporate performance objectives for the short-term 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 Non-Executive Directors.

Details of the Company's remuneration policies and practices in relation to Directors and Executives are set out in the Remuneration Report on pages 63 to 88 of the Annual Report.

4. ETHICAL AND RESPONSIBLE DECISION-MAKING

Code of Conduct and Values

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: http://www.newcrest.com.au/media/general/ Code_of_Conduct.pdf.

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. Policies referred to in the Code of Conduct may be found on the Company's website, including the Anti-Bribery and Corruption Policy, Securities Dealing Policy, Safety and Health Policy, Diversity Policy, High Performance Policy, International Employees 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. At most meetings, the Audit and Risk Committee receives details 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 and the AGM. The blackout periods end, respectively, the day after the announcement of the Company's half year and full year financial results; the day after the release of each quarterly report; and the day after the announcement of the AGM results.

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. Further details of this and related prohibitions are referred to in the Remuneration Report at page 68 of the Annual Report. The Securities Dealing Policy is available on the Company's website: http://www.newcrest.com.au/media/general/Securities_Dealing_Policy.pdf.

5. 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 has therefore implemented an investor relations program to enable effective communication with shareholders, investors and analysts. The program includes scheduled presentations and meetings, and 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 accessible to all shareholders on the Company's website.

The Company holds an accessible and informative AGM, which is webcast. 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. 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.

6. 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 and General Counsel & Company Secretary. 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: http://www.newcrest.com.au/media/general/Market_Disclosure_Policy.pdf) and the internal Market Releases and Investor Relations Policy, and Media and External Communications Policy.

The Company's disclosure policies describe the system 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 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 MD & CEO (following review by the General Counsel & Company Secretary, the Head of Investor Relations and the Head of Corporate Affairs);

(e) requiring all investor relations presentations and briefings, and all investor relations meetings and discussions conducted in person, to be attended by at least one additional Newcrest employee who has had formal disclosure training in the preceding 12 months;

(f) requiring all investor relations meetings and discussions conducted by telephone, where practical, to be attended by at least one additional Newcrest employee who has had formal disclosure training in the preceding 12 months; and

(g) requiring all investor relations presentations, meetings, briefings and discussions to be:

  (i) conducted by a specifically authorised spokesperson; and

  (ii) clearly and comprehensively documented and reviewed 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. 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, and the production results at the end of each quarter. Shareholders are encouraged to communicate with the share registry, Link, electronically. Shareholders may receive electronic versions or hard copies of key communications such as notices of meetings, annual reports and dividend notices.

7. DIVERSITY

Newcrest places a high value on diversity and believes that an inclusive culture and a diverse workforce support high performance. The Company has established a Diversity Policy, which is available on the Company's website: http://www.newcrest.com.au/media/general/Diversity_Policy.pdf. The policy provides that the Company will support diversity by setting, reviewing and reporting on specific annual measurable objectives to increase diversity in the workforce. The Company has a Diversity & Inclusion framework and the Executive Committee Diversity Sub-Committee provides guidance, input and advice to the Human Resources and Remuneration Committee and the Board on the implementation of Newcrest's Diversity & Inclusion framework. As at the date of this statement, the Sub-Committee consists of three Executive Committee members.

At least two updates in relation to Diversity & Inclusion are provided to the Human Resources and Remuneration Committee each year. A full report on the Company's initiatives and practices in respect of diversity relating to gender and nationalisation and the Company's performance against its stated diversity objectives, can be found at page 33 of the Annual Report.

8. 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 detailed risk management and internal control framework incorporating policies and procedures, which sets out the roles, responsibilities and guidelines for identifying and managing material business risks.

The Board reviews and confirms that systems are in place which facilitate the effective identification, management and mitigation of any significant risks to which the Company is exposed. The Board also reviews Management's implementation of risk management and internal control systems at least annually. The Board's Audit and Risk Committee assists the Board to fulfil its responsibilities for risk management, internal control processes and effectiveness, internal audit and compliance with applicable legal and regulatory requirements.

Management of Risk

Newcrest's Risk Management Framework is used to identify and evaluate potential risk events, establish robust controls and mitigation strategies, and provide an assurance process in relation to effectiveness and implementation of these. The aim is to provide an overarching, uniform and consistent framework for identifying, assessing, monitoring and managing material business risks. These risks include strategic, operational, external and financial risks. The Company also regularly reviews and tests crisis management and emergency management systems.

An annual review cycle is in place to ensure each material business risk and the related controls are appropriately analysed for effectiveness, and any required action plans developed to address the risk. Material risk profiles, including the assessment of related controls, are reviewed and updated by management and reported to the Audit and Risk Committee at each Committee meeting. The entire risk framework system, processes and annual review cycle are reviewed by the Audit and Risk Committee twice yearly at the mid-year and full-year reviews. This review was last completed in December 2014 and May 2015.

As a result of the full-year review completed in December 2014, an improvement was made to the risk framework to provide increased focus on the material risks which the business faces as a priority in the short term. The improvements to the risk framework now ensure that each of these priority material risks are subjected to an additional level of analysis, and are reviewed in detail by the Executive Committee on a monthly basis. A summary of the material business risks is set out in the Operating and Financial Review on pages 57 to 61 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 five-year strategic plan and linked detailed budget annually. The Board reviews the plan, and the budget is subject to Board approval. Progress against performance targets is reported against monthly, and supplemented regularly 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 key capital structure, liquidity and cash flow at risk objectives of the Company. In addition, Newcrest's Treasury department has detailed policies 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.

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 current external auditor is EY (formerly Ernst & Young). Reappointment of the external auditor is reviewed and approved annually.

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 must rotate off 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 2013 financial year and has undertaken the role with respect to each subsequent financial year.

During the 2015 financial year, a formal tender process was conducted for external audit services. It resulted in the extension of the appointment of EY as the external auditor.

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 29 of the Financial Report.

Internal Audit

The internal audit function is managed by the Manager Internal Audit. That person has direct access to the Chairman of the Audit and Risk Committee, as well as to the FD & CFO via the General Manager – Finance & Accounting, to whom he directly reports. The Audit and Risk Committee recommends to the Board the appointment of the Manager Internal Audit.

The internal audit function is supported primarily by external consultants.

The Manager Internal Audit has unfettered access to the Audit and Risk Committee and its Chairman to seek information and explanations. The Chairman of the Audit and Risk Committee meets independently with the Manager Internal Audit.

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 each meeting. All material findings are reported to the Board. The Audit and Risk Committee receives a report of issues that are due to be completed during the three month period following the Audit and Risk Committee Meeting. Corrective actions are monitored, reviewed and reported.

Management Assurance

At the Board or Board Executive Committee meetings to approve each of Newcrest's half yearly and annual financial statements relating to the 2015 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 FD & CFO, the financial statements complied with the Australian Accounting Standards and applicable regulations and presented a true and fair view, in all material respects, 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 in all material respects.

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.

9. SUSTAINABILITY

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

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: http://www.newcrest.com.au/media/general/Safety_and_Sustainability_Committee_Charter.pdf.

Public reporting and an intent to keep the Company's stakeholders informed is a component of the Company's commitment to sustainability. In August 2014, the Company was granted membership to the Voluntary Principles on Security and Human Rights. The Company continued to be a member of the Extractive Industries Transparency Initiative (**EITI**) after becoming a 'supporting company' of the Initiative in December 2013.

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 for 2014 is available on the Company's website: www.newcrest.com.au/sustainability/current-sustainability-report.

This Corporate Governance Statement was approved by the Board of Newcrest Mining Limited on 14 September 2015.