

GOVERNANCE AND ETHICS

Strategic Significance

Governance and ethics underpin organisational decision making, accountability, control and behavior. Ensuring that Orocobre's highest governance bodies are ethically attuned, morally centred and values aligned is critical for preserving and strengthening the Company's performance, value and resilience in both the short and long-term.

Impact Boundary

When discussing governance and ethics, the Company refers to the highest governance body of the organization which is the Orocobre Board. Orocobre equally participates in the SDJ Pte Ltd Board, which oversees the Olaroz Lithium Joint Venture with project partners TTC and JEMSE, and in the Board of TLC which oversees the Naraha Lithium Hydroxide Plant. Ultimate decision making and strategic direction for Orocobre lies with the Orocobre Board and as such the policies and processes of that entity are the focus of this disclosure.

Management Approach

Commitment

Policies outlining Orocobre's commitment to reinforce its transparency and business ethics are:

- [Corporate Governance Statements](#)
- [Corporate Code of Conduct](#)
- [Corporate Ethics Policy](#)
- [Anti-bravery and corruption policy](#)

In accordance with Sustainable Development [Goal 16: Peace, Justice and Strong Institutions](#), Orocobre upholds its posture as an accountable and transparent organization with inclusive and responsive participation at all levels and maintains a firm commitment to reducing bribery and corruption in all its forms.

Structure

The Orocobre Board comprises eight Company Directors with significant public company management experience and a strong background in exploration, project development, operations management, financial markets, accounting and finance. The Company Directors bring diversity of experience from different industry sectors and geographies.

More information about current Company Directors and their experience is available on the [Company Overview page of the Orocobre](#) website and in the Directors' Report of the [Company's Annual Report](#).

Supporting the Board are a series of Committees, each with defined Charters and responsibilities:

- **Audit and Risk Management Committee:** assists the Board in discharging its responsibility to exercise due care, diligence and skill with regards to Audit, Risk and Financial Reporting activities.
- **Remuneration Committee:** develops the structure for executive remuneration and reviews the remuneration policies and practices of the Company.
- **Related Party Committee:** reviews proposed transactions between Orocobre, Related Parties and Substantial Shareholders.
- **Sustainability Committee:** assists the Board in its oversight of the Company's sustainability strategy, performance, risks and disclosures.

More information about the purpose, objectives and responsibilities of each Committee can be found in the [Committee Charters](#), available on the Corporate Governance page of the Orocobre [website](#).

The Board does not have a Nominations Committee. When nominating and selecting new directors the suggestions and views of all existing directors are taken into consideration. Where appropriate, external consultants are retained to source suitable candidates.

Board performance is reviewed annually by the Chair in conjunction with the Lead Independent Director in accordance with the Process for Performance Evaluation Policy. An external board performance evaluation is undertaken once every three years. Performance evaluation considers the skills, performance and contribution of individual Board members and corporate management personnel as well as the overall performance of the Board and of its various committees. The performance review also considers the Board members' awareness of their responsibilities and duties, corporate governance and compliance requirements, and the Company's goals and strategies, as well as their understanding of the operating businesses and critical issues affecting their respective markets.

Culture and Values

While the Board approves and safeguards the values of the company, it does not define them. Culture and values are defined through collaborative process at operational management level and presented to the Executive Team and Board for review and approval.

The Board ensures that behaviours, values and decisions put forward by executive and operational management teams are aligned with the suite of corporate policies that define appropriate standards of conduct and behavior. This includes but is not limited to the Code of Conduct, the Corporate Ethics Policy, the Conflicts of Interest Policy.

More information on the Company's Culture and Values is available in the [Employee Engagement](#) disclosure.

Strategy

The Company strategy is defined by the Executive Leadership Team and presented to the Board for review, update and/or approval on an annual basis.

Sustainability

The Sustainability Committee is responsible for oversight on safety, environmental, social and governance topics. Management oversight of these areas is via the Company's Chief Sustainability Officer who is required to monitor risks and performance and provide regular updates and reports to both the Executive Leadership Team and the Sustainability Committee. Other executives may have direct responsibility for performance.

Management committees which contribute to the performance, monitoring and reporting of safety, social, environmental and governance topics for the Board include the Operational Safety Committee, chaired by the Chief Operating Officer, and the Sustainable Development Committee, coordinated by the Chief Sustainability Officer.

Monitoring and Reporting

Information regarding governance performance including audit and risk disclosures, and information about remuneration practices is publicly reported each year in the [Company's Annual Report](#).

Information regarding sustainability governance and performance is disclosed annually in the [Company's Sustainability Report](#).

Accountability

Responsibility and accountability for corporate governance resides with the Board of Directors, and with the Company's Legal Counsel.

Grievance Mechanisms

The Company's Whistleblower policy and mechanism allows for issues considered in breach of the Code of Conduct or the ethical standards of the organization to be reported to the Board for consideration.

FY19 Update

During FY19 significant work was undertaken to develop and review corporate policies to better define how the organisation interacts with employees, governments and other stakeholders.

The **Sustainable Development Policy** was implemented in October 2018 and endorses Orocobre's commitment to the Sustainable Development Goals as a signatory to the UN Global Compact.

The **Anti-bribery and Corruption Policy** was implemented in October 2018 and outlines the Orocobre Group's zero tolerance of bribery and other forms of corruption. It ensures that all Employees and Agents observe and uphold the Orocobre Group's position on bribery and corruption; and monitor the conduct of Business Associates for consistency with this policy.

The **Community Policy** was implemented in October 2018 and details the commitment to local communities through consistent actions as below:

- Promote mutual understanding between community and company stakeholders
- Undertake early, regular and culturally appropriate engagement with local communities
- Gauge community views on operational and project risks, impacts and control measures
- Monitor, acknowledge and address community grievances
- Empower communities through capacity building initiatives
- Encourage and facilitate direct and indirect community involvement in Company activities
- Invest strategically in local communities to promote sustainable development objectives
- Work in partnership with communities and other stakeholders to create shared value
- Measure and monitor impacts of community programs and initiatives
- Report to local communities on issues of interest to them
- Report to all stakeholders on community contributions, initiatives and impacts.

The **Environmental Policy** was implemented in October 2018 and details the Company's care for the environment through:

- Application of risk management principles to Company activities and decision-making processes
- Environmental due diligence across the value chain and each stage of the project lifecycle
- Continuous improvement of environmental management and performance
- Rational, responsible and efficient use of natural resources, particularly energy and water
- Reducing emissions, waste and pollution and minimising the Company's carbon footprint
- Maintaining, enhancing and/or conserving local biodiversity and ecosystems
- Emergency response and crisis management planning
- Exploration, trial and implementation of environmentally friendly technologies
- Development, measurement and monitoring of environmental KPIs and performance
- Transparent reporting of environmental management performance
- Accepting accountability for environmental performance
- Ensuring environmental management, reporting and performance is aligned with stakeholder expectations.

The **Human Rights Policy** was implemented in October 2018 and details the following requirements:

- Integration of human rights considerations into governance and management practices
- Identification, management and remediation of human rights risks and impacts
- Human Rights due diligence across the value chain and each stage in the project life-cycle
- Grievance mechanisms for stakeholder groups to enable identification and remediation
- Impact monitoring to safeguard and promote the wellbeing of Company stakeholders
- Human Rights training and awareness
- Transparent reporting of human rights management, risks and impacts
- Participation in programs to promote broader protection of human rights
- Specific focus on the Rights of Indigenous Peoples including: socio-economic development; representation and participation in engagement and dialogue; land rights; Free Prior and Informed Consent; and protection of cultural heritage.

At an operational level, several anti-corruption initiatives were implemented at Sales de Jujuy in FY19 including:

- Sole sourcing limitation on vendor selection
- Reduced authorization limits delegated to management
- Investigation on claims of unethical practices by staff which led to termination of one employee
- Reinforcement of anti-corruption policy and associated training.

For more information on Governance performance refer to [Governance Performance Data](#).