



**SANDFIRE**  
RESOURCES

RISK COMMITTEE CHARTER

Effective 1 July 2020

# RISK COMMITTEE CHARTER

The Board of Directors (**Board**) of Sandfire Resources Limited (**Sandfire** or the **Company**) is committed to fostering a culture of compliance, ethical behaviour and good corporate governance. The Risk Committee is devoted to ensuring all outcomes and decisions align with the Sandfire's vision, mission and values.

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## 1. Role of the Risk Committee and authority

- a. The Risk Committee (**Committee**) assists the Board of Sandfire in fulfilling its responsibilities for:
  - i. corporate governance (other than those relating to financial matters);
  - ii. oversight of Sandfire's risk management system;
  - iii. internal control structure (to the extent it relates to matters other than financial and tax matters);
  - iv. sustainability, primarily in the areas of safety, environment and community; and
  - v. internal audit function.

In doing so, the Committee has the responsibility to maintain free and open communication with the Audit Committee, People and Performance Committee and Sandfire's management.

- b. The Committee is empowered to investigate any matter, with full access to all books, records, company operations, and people of Sandfire and the authority to engage independent legal, compliance, risk management or other professional advisers as it determines necessary to carry out its duties.
  - c. The Committee is a committee of the Board established in accordance with Sandfire's constitution (**Constitution**) and authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this Charter and granted to it under any separate resolutions of the Board from time to time.
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## 2. Membership

- a. The Committee should to the extent practicable given the size and composition of the Board and nature and scope of the operations of the Company from time to time, comprise of:
  - i. at least three members;
  - ii. non-executive directors; and
  - iii. a majority of directors who are independent (and it must satisfy this description if required by statute or regulation).
- b. All Committee members should have a reasonable understanding of Sandfire's business and the industry in which it participates.
- c. The Chair of the Committee (**Committee Chair**) will be appointed by the Board. The Committee Chair will be an appropriately qualified independent non-executive director who does not chair the Board (and must satisfy this description if required by statute or regulation).
- d. Committee members will be appointed by the Board.
- e. The Board will, at least once in each year, review the membership of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership.
- f. The appointment and removal of Committee members is the responsibility of the Board.
- g. A Committee member may resign as a member of the Committee upon reasonable notice in writing to the Committee Chair.
- h. If a Committee member ceases to be a director of the Board, their appointment as a member of the Committee is automatically terminated with immediate effect.

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- i. The Company Secretary of Sandfire or their designate is secretary to the Committee (**Committee Secretary**).
  - j. Sandfire's Chief Operating Officer and Chief Financial Officer will be the primary contacts between the Committee and Sandfire's operations and business.
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## 3. Meetings

- a. The Committee will meet at least four times annually or as frequently as is required to undertake its role effectively.
  - b. Sandfire's Chief Operating Officer and Chief Financial Officer (or his or her alternate) shall be present for each Committee meeting (unless notified by the Committee Chair that attendance is not required).
  - c. Any Committee member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee.
  - d. The Committee Chair may invite any director, manager, other staff member, external auditor or external advisor to attend all or part of a meeting of the Committee.
  - e. The proceedings of all meetings will be minuted by the Committee Secretary. All minutes of the Committee are available for inspection by any director of the Board.
  - f. A quorum for any meeting will be at least two Committee members.
  - g. The Committee will develop an annual program to meet its responsibilities.
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## 4. Duties and Responsibilities

- a. The Committee's key responsibilities and functions are to assist the Board in discharging its responsibilities:
  - i. to oversee the establishment of Sandfire's risk management framework (for both financial and non-financial risks) including its strategy, policies, procedures and systems;
  - ii. to review at least annually the effectiveness of Sandfire's risk management framework to satisfy itself that it continues to be sound and Sandfire is operating with due regard to the risk appetite set by the Board;
  - iii. to review and monitor the effectiveness of Sandfire's risk management strategy, policies, procedures and systems in relation to non-financial risks;
  - iv. to oversee Sandfire's internal controls and systems to the extent they do not relate to financial and tax matters;
  - v. to consider whether an internal audit function is required and, if not, ensuring that Sandfire discloses the processes it employs to evaluate and improve its risk management and internal control processes;
  - vi. to oversee Sandfire's sustainability practices, including:
    - A. reviewing the policies and management systems relating to safety, environment and community (**SEC**);
    - B. reviewing the systems for compliance with relevant SEC legal and regulatory requirements;
    - C. reviewing the Company's performance in relation to SEC measures and targets; and
    - D. reviewing the Annual Sustainability Report, as well as other significant public statements as they relate to sustainability and recommend those statements for approval; and
  - vii. ensuring that any periodic corporate report (to the extent that report relates to matters other than financial or tax matters) released to the market that has not been subject to audit or review by an external auditor discloses, either in the report or on the Company's website, the process taken to verify the integrity of its content.

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- b. If Sandfire has an internal audit function, the Committee is responsible for making recommendations to the Board on:
    - i. the appointment and removal of the head of the internal audit function;
    - ii. the scope and adequacy of the internal audit work plan; and
    - iii. the independence, objectivity and performance of the internal audit function.
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### 5. Reporting

- a. The Committee will:
    - i. regularly report to the Board on all matters relevant to the Committee's role and responsibilities;
    - ii. to the extent it does not relate to financial and/or tax matters, advise the Board in a timely manner of internal audit, internal control, risk management and compliance matters which may significantly impact upon Sandfire;
    - iii. report and, as appropriate, make recommendations to the Board after each Committee meeting on matters dealt with by the Committee;
    - iv. as and when appropriate, seek guidance from the Audit Committee on risk management and compliance matters to the extent it relates to financial and/or tax matters; and
    - v. as and when appropriate, seek direction and guidance from the Board on risk management and compliance matters.
  - b. The Committee must review and report to the Board on the Company's Annual Sustainability Report.
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### 6. Risk Management Policy, Procedures and Systems

- a. The Committee will oversee the risk management function (as detailed below) and evaluate the structure and adequacy of the group's insurance coverage periodically.
- b. The risks faced by Sandfire may, without limitation, include regulatory and compliance risk, investment risk, legal risk, economic risk, environmental risk, social sustainability risk, occupational health and safety risk, financial risk, reputation risk, operational and execution risk and strategic risk. Such risks may change from time to time.
- c. Responsibility for risk management is shared across the organisation. Key responsibilities include:
  - i. the Board is responsible for overseeing the:
    - A. establishment of and approving Sandfire's risk management framework (for both financial and non financial risks) including its strategy, policies, procedures and systems; and
    - B. disclosure of any material exposure that Sandfire has to environmental or social risks and how Sandfire intends to manage those risks;
  - ii. the Audit Committee is responsible for recommending to the Risk Committee appropriate strategies, policies, procedures and systems in relation to financial and tax risks for the purposes of the overall risk management framework;
  - iii. Sandfire management is responsible for establishing Sandfire's risk management framework, including identifying major or potentially major risk areas and developing Sandfire's policies and procedures, which are designed effectively to identify, treat, monitor, report and manage key business risks;
  - iv. the Board has delegated to the Committee responsibility for:
    - A. identifying major or potentially major risk areas;

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- B. reviewing and monitoring Sandfire's risk management framework to provide assurance that major business risks are (including contemporary and emerging risks) identified, consistently assessed and appropriately addressed. In addition, the Committee should undertake a review of Sandfire's risk management framework with management (at least once annually) to satisfy itself that Sandfire's risk management framework continues to be sound including whether there have been any changes in the material business risks and whether Sandfire is operating within the risk appetite set by the Board. The Committee should ensure that the Board discloses whether such a review has taken place in the Sandfire's annual report;
  - C. considering Sandfire's approach to occupational health and safety, economic, environmental and social sustainability risks, including the benchmarks Sandfire uses to measure performance on issues of sustainability and their achievements against those benchmarks;
  - D. ensuring that risk considerations are incorporated into strategic and business planning;
  - E. providing risk management updates to the Board and any supplementary information required to provide the Board with confidence that key risks are being appropriately managed;
  - F. reviewing any material incident involving fraud or a break-down of the risk management framework and identifying "lessons learned" (including in conjunction with the Audit Committee if the matter is financial or tax related);
  - G. reviewing reports from management concerning compliance with key laws, regulations, licences and standards which Sandfire is required to satisfy to operate;
  - H. reviewing any significant findings of any examinations by regulatory agencies; and
  - I. if and when such a function exists, overseeing and assessing Sandfire's internal audit function.
- d. It is the responsibility of the Committee to report to the Board about Sandfire's adherence to policies and guidelines approved by the Board for the management of risks. This includes bringing to the Board's attention any instances where Sandfire either has or may need to operate outside the current risk appetite set by the Board or where disclosure to the market might be required.
- e. Senior management are responsible for reporting to the Committee on:
- i. any proposed changes to the risk management framework and to that Committee and to the Board any exposures or breaches of key policies, procedures or systems, or incidence of risks, where significant (including any material incidents reported under Sandfire's Code of Conduct, Anti-Bribery and Corruption Policy and Whistleblower Protection Policy);
  - ii. new and emerging sources of risks (including the risk controls and mitigation measures that have been or are being put in place by management to deal with those risks);
  - iii. any disclosure-related considerations; and
  - iv. proposed changes to Sandfire's risk management framework.

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### 7. Access to information and independent advice

- a. The Committee may seek any information or advice it considers necessary to fulfil its responsibilities.
- b. The Committee has access to:
  - i. Sandfire's management, to seek explanations and information from them; and
  - ii. external and internal auditors to seek explanations and information, without Sandfire's management being present, if required.
- c. The Chief Operating Officer and Chief Financial Officer and Company Secretary shall have free and unfettered access to the Committee.

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- d. The Committee, with the approval of the Committee Chair, may seek professional advice from appropriate external advisers to enable the Committee to properly carry out its functions and meet its objectives. The Committee may meet with these external advisers without Sandfire's management being present. The costs of such external advisers will be borne by Sandfire.
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### **8. Committee Performance**

- a. The Board will, at least once in each year, review the membership of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.
  - b. The Committee shall make an evaluation of its performance at least once every two years to determine whether it is functioning effectively by reference to current best practice.
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### **9. Review**

- a. The Committee will review this Charter annually or as often as it considers necessary.
- b. The Board may change this Charter (including the responsibilities of the Committee) from time to time by resolution.
- c. The Company Secretary (and, so long as there are two, either one of them) is authorised to make administrative and non-material amendments to this Charter provided that any such amendments are notified to the Board or its delegated committee at or before its next meeting.

## **SANDFIRE RESOURCES**

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