

# Board Charter

**Sandfire Resources NL**

ABN 55 105 154 185

## **1. Introduction**

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This Charter includes an overview of:

- the composition and responsibilities of the board of Directors (“Board”);
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board Committees

of Sandfire Resources NL (“SFR” or “Company”) within the governance structure of SFR and its subsidiaries (if any).

The Company’s Constitution (“Constitution”) ultimately governs matters relating to the Board and its functions. This Charter expands, explains and interprets the Constitution.

This Charter is to be reviewed by the Board as required and at least annually.

## **2. Board Composition**

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### **2.1 Board composition and size**

- The Company’s Constitution determines the minimum and maximum number of Directors which comprises the Board.
- The Board is appointed by the shareholders. Non-executive Directors are engaged through a letter of appointment.
- The Board, together with the Remuneration and Nomination Committee, determines the size and composition of the Board, subject to the terms of the Constitution.
- It is intended that the Board should comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.
- The Board, together with the Remuneration and Nomination Committee, will review the skills represented by Directors on the Board and determine whether the composition and mix of those skills remain appropriate for the Company’s strategy, subject to limits imposed by the Constitution and the terms served by existing Non-executive Directors.

### **2.2 Director independence**

- The Board need not be made up of a majority of independent directors. However an appropriate number of independent directors should hold board positions from time to time to maintain appropriate independence during board discussions.
- The Board regularly reviews the independence of each Non-executive Director in light of information relevant to this assessment as disclosed by each Non-executive Director to the Board.

- A Director will be considered to be independent if he or she is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.
- Examples of interests, positions, associations and relationships that might cause doubts about the independence of a Director include if the Director:
  - is, or has been, employed in an executive capacity by SFR 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 SFR;
  - is, or has been within the last three years, in a material business relationship (for example as a supplier or customer) with SFR, or an officer of, or otherwise associated with, someone with such a relationship;
  - has a material contractual relationship with SFR other than as a Director;
  - has close family ties with any person who falls within any of the categories described above; or
  - has been a Director of the entity for such a period that his or her independence may have been compromised.
- The Board will consider thresholds of materiality for the purposes of determining independence on a case by case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines:
  - The Board will determine the appropriate base to apply (eg revenue, equity or expenses) in the context of each situation.
  - In general, the Board will consider a holding of 5% or more of the Company's shares to be material.
  - In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular director should be reviewed by the Board.
  - Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

### **2.3 Director Tenure**

- The Board does not believe that it should establish an arbitrary limit on tenure. While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they

hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight in the Company and its operation and, therefore, an increasing contribution to the Board as a whole. Accordingly, tenure is just one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a Director in the context of the overall Board process.

- In any event, shareholders ultimately decide the tenure of Directors.

### **3. Board role and responsibilities**

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#### **3.1 Board role**

The Board's role is to:

- represent and serve the interests of shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives, as well as reviewing management performance;
- protect and optimise Company performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's constitution and with a framework or prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

#### **3.2 Board key responsibilities**

The responsibilities/functions of the Board include:

- overseeing the Company, including its control and accountability systems;
- appointing and removing the Managing Director, or equivalent;
- where appropriate, ratifying the appointment and the removal of senior executives;
- providing input into and final approval of management's development of corporate strategy, including setting performance objectives and approving operating budgets;
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance;
- monitoring the Managing Director's performance and implementation of strategy and policy;
- oversee succession plans for senior executives;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- approving and monitoring financial and other reporting;
- developing and reviewing corporate governance principles and policies;

- overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- promoting diversity with all levels of the Company, including establishing a Diversity Policy and measurable objectives for achieving diversity at all levels of the Company and assessing annually the Company's progress in achieving them;
- approving the Company's remuneration framework; and
- performing such other functions as are prescribed by law or are assigned to the Board.

### **3.3 Reserved authorities**

Matters which are specifically reserved for the Board or its committees include:

- appointment of a Chair;
- appointment and removal of Managing Director;
- appointment of Directors to fill a vacancy or as additional Director;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- calling of meetings of shareholders; and
- any other specific matters nominated by the Board from time to time.

### **3.4 Directors**

- Directors will act at all times with honesty and integrity, will exercise care and will observe the highest standards of ethical behaviour.
- Directors will ensure that no decision or action is taken that has the effect of prioritising their personal interests over the Company's interests.
- Directors will be expected to participate in all induction and orientation programs and any continuing education or training arranged for them.
- The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chair or the Board as a whole.

## **4. Delegation of duties and powers**

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### **4.1 Relationship with management**

- Directors may delegate their powers as they consider it appropriate. However, ultimate responsibility for strategy and controls rests with the Directors.
- Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.
- Directors are entitled to request additional information at any time when they consider it appropriate.

## **4.2 Role of Managing Director**

- The management function is conducted by, or under the supervision of, the Managing Director as directed by the Board (and by other officers to whom the management function is properly delegated by the Managing Director).
- The Board approves corporate objectives for the Managing Director to satisfy and, jointly with the Managing Director, develops the duties and responsibilities of the Managing Director.
- The Managing Director is responsible for implementing strategic objectives, plans and budgets approved by the Board. The Managing Director is assisted in this responsibility by the senior executives.
- The Managing Director has their role and responsibilities defined in a formal job description and letter of appointment, describing their term of office, duties, rights and responsibilities and entitlements on termination.

## **4.3 Delegation to Committees**

- The Board from time to time establishes Committees to streamline the discharge of its responsibilities.
- The Board has, as at the date of this charter, established an Audit and Risk Committee and Remuneration and Nomination Committee.
- Each standing Committee adopts a formal charter setting out the matters relevant to the composition, responsibilities and administration of the committee.
- The Board may also delegate specific functions to ad hoc Committees on an “as needs” basis.
- The powers delegated to these Committees are set out in Board resolutions.
- The Board will, at least once in each year, review the membership and charter of each Committee to determine adequacy for current circumstances.

## **5. Board Process**

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### **5.1 Meeting**

- The Board will meet regularly.
- Periodically, Non-executive Directors will meet without Executive Directors or management present.
- Directors will use all reasonable endeavours to attend Board meetings in person.
- The Company’s constitution governs the regulation of Board meetings and proceedings.

### **5.2 The Chair**

- The Chair is an independent Non-executive Director.
- The Board will appoint one of its members to the Chair.
- The Chair is responsible for leadership of the board and for the efficient organisation and conduct of the Board’s functioning.

- The Chair should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Directors and between board and management.
- The Chair represents the Board to the shareholders and communicates the Board's position.

### **5.3 The Company Secretary**

- The Board will appoint at least one Company Secretary.
- The Company Secretary is accountable to the Board.
- The Company Secretary is responsible for coordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies and ASX, and all statutory and other filings.
- All Directors will have direct access to the Company Secretary.
- The appointment and removal of the company secretary should be a matter for decision by the Board as a whole.

## **6. Review and Performance Evaluation**

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- On an annual basis, Directors will provide feedback in relation to the performance of the Board and its Committee against a set of agreed criteria.
- Each Committee of the Board will also be required to provide feedback in terms of a review of its own performance.
- Feedback will be collected by the Chair of the Board, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board or its Committees.
- The Managing Director will also provide feedback from senior management in connection with any issues that may be relevant in the context of the Board performance review.
- Where appropriate to facilitate the review process, assistance may be obtained from third party advisors.
- The Board will, at least once a year, review this charter to determine its adequacy for current circumstances.