



Sandfire

PEOPLE AND PERFORMANCE COMMITTEE CHARTER

Effective 1 July 2020

PEOPLE AND PERFORMANCE 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 People and Performance Committee is devoted to ensuring all outcomes and decisions align with Sandfire's vision, mission and values.

1. Role of the People and Performance Committee and authority

- a. The People and Performance Committee (**Committee**) assists the Board of Sandfire in fulfilling its responsibilities for:
 - i. oversight and governance of Sandfire's People and Performance policies and practices which enable it to attract and retain senior management of Sandfire (comprising the Managing Director and Chief Executive Officer and such other individuals as the Committee determines from time to time (**Senior Management**)) and appropriately align their interests with those of key stakeholders; and
 - ii. oversight of Sandfire's organisational development and ensuring the culture of the Company is aligned with its strategies and values.
 - 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 external consultants 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.
-

2. Membership

- a. The Committee should to the extent practicable given the size and composition of the Board and/or 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 must satisfy this description to the extent 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 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.
- i. The Company Secretary of Sandfire or their designate is secretary to the Committee (**Committee Secretary**).

PEOPLE AND PERFORMANCE COMMITTEE CHARTER

- j. Sandfire's Chief Financial Officer will be the primary contact between the Committee and Sandfire's operations and business.
-

3. Meetings

- a. The Committee will meet at least two times annually or as frequently as is required to undertake its role effectively.
 - b. Sandfire's 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 Committee may, with the approval of the Committee Chair, seek independent advice from external consultants to enable the Committee to properly carry out its functions and meet its objectives. Should Sandfire wish to engage a remuneration consultant, the Committee will ensure any such engagement complies with Part 2D.8 of the *Corporations Act 2001* (Cth).
 - f. 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.
 - g. A quorum for any meeting will be at least two Committee members.
 - h. The Committee may request Senior Management or the Head of People and Culture to provide any information or carry out any task that may be necessary to enable the Committee properly to carry out its functions and meet its objectives.
 - i. The Committee will develop an Annual Program to meet its responsibilities.
-

4. Duties and Responsibilities

- a. The Committee's key responsibilities and functions are to assist the Board in discharging its responsibilities in relation to:
 - i. recruitment of directors, including:
 - A. undertaking appropriate checks (including as to the person's character, experience, education, criminal record and bankruptcy history) before appointing a director or putting forward to shareholders a candidate for election as a director; and
 - B. ensuring Sandfire enters into a written agreement that sets out the appointment terms and reflects the service arrangements;
 - ii. remuneration policies, including:
 - A. evaluating and approving the remuneration packages (including fixed remuneration, short term and long-term incentives and any other benefits or arrangements) of the Managing Director and Chief Executive Officer, executive directors and other members of Senior Management;
 - B. ensure the incentives for the Managing Director and Chief Executive Officer, executive directors and other members of Senior Management encourages them to pursue growth and success without rewarding conduct contrary to Sandfire's statement of values or risk appetite;
 - C. evaluating and approving the remuneration arrangements for non-executive directors;
 - D. monitoring compliance with the non-executive director remuneration pool as established by the Constitution, or as subsequently amended by shareholders, and recommending any changes to the pool;

PEOPLE AND PERFORMANCE COMMITTEE CHARTER

- E. engagement of external remuneration consultants;
- F. evaluating and approving applicable termination payments for the Managing Director and Chief Executive Officer, executive directors (subject to shareholder approval, if required) and other members of Senior Management; and
- G. reviewing remuneration by gender and approving strategies or changes to address any pay bias;
- iii. short and long-term incentive plans, including:
 - A. plan terms and conditions;
 - B. performance hurdles;
 - C. invitations to participation in offers and the terms of participation;
 - D. achievement of performance criteria and the final level of any payments, grants or allocations; and
 - E. the ability to claw back performance-based remuneration from executive directors and Senior Management where appropriate;
- iv. equity plans, including:
 - A. amendments to the terms of existing plans within the parameters of those plans;
 - B. administration and operation of plans, including but not limited to determining disputes and resolving questions of fact or interpretation concerning the various plans; and
 - C. the ability to claw back performance-based remuneration from executive directors and Senior Management where appropriate;
- v. Board composition and performance, including:
 - A. the appropriate size, composition and diversity of the Board;
 - B. the appropriate criteria (necessary and desirable skills and experience) for appointment of directors;
 - C. recommendations for the appointment, composition, re-election and removal of directors;
 - D. the terms and conditions of appointment to and retirement from the Board;
 - E. ensuring that an effective induction process is in place for newly appointed directors (including, where appropriate, training on key accounting matters and on the responsibilities of directors in relation to Sandfire's financial statements) and review of those induction procedures;
 - F. regularly assessing whether the directors as a group have the skills, knowledge and experience to deal with new and emerging business and governance issues;
 - G. ensuring that continuing directors are provided with appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as a director effectively;
 - H. evaluation of the Board's performance, its committees and directors;
 - I. appointing, reviewing the performance of, remunerating and replacing the chair of the Board;
 - J. the time non-executive directors are expected to devote to Sandfire's affairs and whether directors are meeting that requirement; and
 - K. review of development and succession plans for directors and Senior Management;
- vi. reviewing the performance of the Managing Director and Chief Executive Officer and any other Senior Management against guidelines approved by the Board;
- vii. diversity and inclusion, including:
 - A. reviewing the Company's Diversity and Inclusion Policy, which enable it to attract and retain appropriately qualified personnel; and
 - B. setting the measurable objectives for achieving gender diversity in the composition of the Board, Senior Management and workforce generally;

PEOPLE AND PERFORMANCE COMMITTEE CHARTER

- viii. people and culture, including:
 - A. reviewing Sandfire's people and performance strategies, policies and procedures, which enable it to achieve the Company's strategy and desired culture;
 - B. reviewing the results of employee engagement and culture surveys and monitor the progress of any management actions undertaken in response to those surveys; and
 - C. reviewing learning and development strategies, frameworks and programs which support employee development and deliver improved personal and organisational performance.
 - b. The Committee will oversee remuneration related disclosures required in annual statutory reporting and provide advice to the Board on approval of those disclosures. Such disclosure may include Sandfire's policies and practices regarding the remuneration of executive directors and Senior Management.
-

5. Reporting

The Committee will:

- a. regularly report to the Board on all matters relevant to the Committee's role and responsibilities;
 - b. report and, as appropriate, make recommendations to the Board after each Committee meeting on matters dealt with by the Committee; and
 - c. as and when appropriate, seek direction and guidance from the Board on remuneration and human resource risk management and compliance matters
-

6. Selection and appointment process

- a. In searching for and selecting new directors for the Board, the Committee may adopt certain criteria to make recommendations to the Board, including the candidate's background, experience, professional skills, personal qualities, gender, capability of the candidate to devote the necessary time and commitment to the role, potential conflicts of interest and independence and whether their skills and experience will complement the existing Board.
- b. With respect to the selection of candidates for the Board:
 - i. the Committee will develop a Board Skills Matrix (**BSM**) that is reflective of Sandfire's strategy, which will be updated as necessary and disclosed within Sandfire's annual reporting suite;
 - ii. the BSM will be utilised in succession planning to ensure, as far as practicable:
 - A. there is appropriate skill levels; and
 - B. knowledge and experience is appropriate in all areas as required;
 - iii. the Committee will take into consideration Sandfire's Diversity and Inclusion Policy in selecting new directors for the Board;
 - iv. the Committee will obtain assistance from professional intermediaries to identify and assess the suitability of Board candidates;
 - v. the Committee will undertake appropriate checks in respect of each candidate;
 - vi. the names of candidates submitted for election or re-election as directors at a shareholder meeting should be accompanied in the notice of meeting by all material information in its possession relevant to a decision on whether or not to elect or re-elect a director, including:
 - A. biographical details, including skills, experience, competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate;
 - B. a statement by the Board as to whether it supports the nomination of the proposed candidate and a summary of the reasons why;

PEOPLE AND PERFORMANCE COMMITTEE CHARTER

C. details of relationships between:

1. the candidate and Sandfire; and
2. the candidate and directors of Sandfire;

D. directorships held;

E. particulars of other positions which involve significant time commitments;

F. any interests, positions, associations or relationships that might influence, or reasonably be perceived to influence, in a material respect that candidate's capacity to bring independent judgement on matters before the Board;

G. the term of office currently served by any director subject to re-election; and

H. any other particulars required by law.

7. 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.
-

8. Claw back policy

If Sandfire becomes aware of a material misstatement in its financial statements for any of its immediately preceding three financial years or some other event has occurred which, as a result, an executive director or Senior Manager should not have received some or all its performance-based remuneration (**the Overpayment**) at that time, the Board may claw back that Overpayment in accordance with the terms of the applicable incentive or equity plan. Such claw back may involve:

- i. requiring the executive director or Senior Manager to pay back the Overpayment; or
- ii. adjusting the current year incentives or fixed remuneration of that executive director or Senior Manager to take account of the Overpayment.

The Committee will review this claw back policy at least annually and make recommendations to the Board as to any changes it considers should be made.

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

Level 2, 10 Kings Park Road, West Perth WA 6005

T: +61 8 6430 3800 F: +61 8 6430 3849 E: admin@sandfire.com.au

www.sandfire.com.au