



Sandfire

BOARD CHARTER

Effective 1 July 2020

BOARD 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 Company is devoted to ensuring all outcomes and decisions align with Sandfire's vision, mission and values.

This Board Charter includes an overview of:

- the composition and responsibilities of the Board;
- the relationship and interaction between the Board and management;
- certain authorities delegated by the Board to management and Board Committees of Sandfire; and
- the functions of the Board by describing the structure of the Board and its committees, the need for independence and other obligations of directors.

1. The Board and overview of its role

- a. Corporate governance describes the way Sandfire is directed and controlled. Sandfire's shareholders appoint directors and hold them accountable for the performance of the Company. A key part of directors' responsibility is to ensure that an effective corporate governance structure operates in the Company.
- b. The corporate governance structure should protect and optimise Company performance and ensure that risk is properly managed, while taking into account the interests of Sandfire's stakeholders. Sandfire's corporate governance culture, including leadership by the Board and management, is critical to Sandfire's continuing success.
- c. The Board of Sandfire is responsible for, and oversees the governance of, Sandfire.
- d. The Board will meet regularly on such number of occasions each year as the Board deems appropriate.

2. Functions of the Board

- a. The Board strives to build sustainable value for shareholders whilst protecting the assets and reputation of Sandfire. Its functions include but are not limited to:
 - i. demonstrating leadership;
 - ii. defining Sandfire's purpose and setting its strategies, budgets and business plans;
 - iii. approving Sandfire's statement of values and code of conduct to underpin a culture of acting lawfully, ethically and responsibly;
 - iv. monitoring the effectiveness of Sandfire's corporate governance practices;
 - v. satisfying itself that Sandfire has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the Board expects management to operate;
 - vi. satisfying itself that Sandfire's remuneration policies are aligned with its purpose, values, strategic objectives, target market and risk appetite;
 - vii. overseeing management in its implementation of Sandfire's strategic objectives, its role in instilling Sandfire's values and performance generally;
 - viii. approving Sandfire's annual report including the financial statements, directors' report, remuneration report, corporate governance statement and sustainability report, with advice from the People and Performance Committee, the Audit Committee and the Risk Committee, as appropriate;
 - ix. approving major borrowing and debt arrangements, the acquisition, establishment, disposal or cessation of any significant business or assets of the company, any significant transaction or capital expenditure and the issue of any shares, options, equity instruments or other securities in Sandfire;
 - x. overseeing Sandfire's process for making timely and balanced disclosure of all material information concerning Sandfire that a reasonable person would expect to have a material effect on the price or value of the Sandfire's securities;

- xi. satisfying itself that an appropriate framework exists for relevant information to be reported to the Board by management;
 - xii. reviewing operational information to understand at all times the state of health of Sandfire;
 - xiii. ensuring that Sandfire acts legally and responsibly on all matters and that the highest ethical standards are maintained;
 - xiv. maintaining a constructive and ongoing relationship with the regulators, and approving policies regarding disclosure and communications with the market and Sandfire's shareholders; and
 - xv. monitoring the effectiveness of, and approving changes to, internal governance including delegated authorities, and monitoring resources available to management.
- b. With the guidance of the People and Performance Committee, the Board is responsible for:
- i. evaluating and approving the remuneration arrangements of the Managing Director and Chief Executive Officer and other directors;
 - ii. evaluating and approving the remuneration arrangements for non-executive directors;
 - iii. 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;
 - iv. administering short and long-term incentive plans (including any equity plans) and engaging external remuneration consultants;
 - v. appointing, reviewing the performance of and replacing the chair of the Board (**Board Chair**) and other directors;
 - vi. appointing and replacing the Managing Director and Chief Executive Officer;
 - vii. assessing the performance of the Managing Director and Chief Executive Officer in achieving the performance criteria approved by the Board;
 - viii. overseeing the assessment of performance of Senior Management (other than the Managing Director and Chief Executive Officer);
 - ix. Sandfire's induction program for new directors and periodic review and facilitation of ongoing professional development for directors;
 - x. regularly assessing the independence of all directors;
 - xi. reviewing and implementing succession planning for directors by utilising the Board Skills Matrix (**BSM**) to ensure, as far as practicable:
 - A. there is appropriate skill levels; and
 - B. knowledge and experience is appropriate in all areas as required;
 - xii. appointing, when necessary, new directors, for approval by shareholders; and
 - xiii. overseeing Sandfire's organisational development, culture and responsibilities as they relate to people; and
 - xiv. setting the measurable objectives for achieving gender diversity in the composition of Sandfire's Board, management and workforce generally.
- c. With the guidance of the Audit Committee, the Board is responsible for:
- i. overseeing the integrity of Sandfire's accounting and corporate reporting systems, including the external audit and Sandfire's processes for verifying the integrity of any periodic corporate report Sandfire releases to the market that is not audited or reviewed by an external auditor;
 - ii. reviewing and approving Sandfire's financial statements and reports;

BOARD CHARTER

- iii. overseeing Sandfire's financial reporting, which, without limitation, includes:
 - A. reviewing the suitability of Sandfire's accounting policies and principles and how they are applied in accordance with the statutory financial reporting framework;
 - B. assessing the significant estimates and judgements adopted by management in preparing financial statements and reports;
 - C. assessing information from external auditors to ensure the quality of financial statements and reports; and
 - D. determining whether the financial and associated non-financial statements and reports should be signed based on the Audit Committee's assessment of them;
 - iv. the entry into, approval and disclosure of related party transactions (if any);
 - v. overseeing the establishment of and approving Sandfire's financial risk management framework including its internal controls, strategy, policies, procedures and systems; and
 - vi. managing audit arrangements and auditor independence.
- d. With the guidance of the Risk Committee, the Board is responsible for:
- i. overseeing the establishment of and approving Sandfire's risk management framework including its strategy, policies, procedures and systems;
 - ii. reviewing and monitoring the effectiveness of Sandfire's risk management framework;
 - iii. overseeing Sandfire's responsibilities as they relate to sustainability primarily in the areas of safety, environment and community;
 - iv. overseeing Sandfire's internal controls (to the extent they do not relate to financial and tax matters); and
 - v. considering whether an internal audit function is required, and if so, overseeing that internal audit function.
- e. The functions listed are matters which the Board specifically reserves for itself and do not limit the Board's overall duties and responsibilities. The Board may delegate consideration to a committee of the Board specifically constituted for the relevant purpose.
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3. Powers delegated to management

- a. The Board will delegate to the Managing Director and Chief Executive Officer the authority and power to manage Sandfire and its businesses within levels of authority specified by the Board from time to time. The Managing Director and Chief Executive Officer may delegate aspects of his or her authority and power but remains accountable to the Board for Sandfire's performance and is required to report regularly to the Board on the progress being made by Sandfire's business units.
- b. The Managing Director and Chief Executive Officer role includes:
 - i. responsibility for the effective leadership of the Senior Management team;
 - ii. the implementation of Sandfire's strategic objectives and instilling and reinforcing its values;
 - iii. reinforcing the culture set by the Board throughout the Company as guided by Sandfire's values and strategic goals;
 - iv. the day-to-day management of Sandfire's operations (including operating within the values, code of conduct, budget and risk appetite set by the Board);
 - v. oversight of the provision by Senior Management to the Board of accurate, timely and clear information on Sandfire's operations (including, but not limited to, information about Sandfire's financial and operating performance, compliance with material laws and regulations and any conduct materially inconsistent with Sandfire's values or code of conduct); and
 - vi. recruitment and replacement of Senior Management, including:

BOARD CHARTER

- A. undertaking appropriate checks (including as to the person's character, experience, education, criminal record and bankruptcy history); and
 - B. ensuring Sandfire enters into a written agreement that set out the appointment terms and reflect the service arrangements with the individual;
 - vii. ensuring the incentives for Senior Management encourages them to pursue growth and success without rewarding conduct contrary to Sandfire's statement of values or risk appetite;
 - viii. evaluating and approving applicable termination payments for all other members of Senior Management (subject to shareholder approval, if required); and
 - ix. setting and evaluating the performance of Senior Management based on key performance indicators.
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4. Board composition and structure

- a. The composition, structure and proceedings of the Board are primarily governed by Sandfire's constitution (available on the Company's website) (**Constitution**) and the laws governing corporations in jurisdictions where the Company operates. The Board, with the assistance of the People and Performance Committee, will regularly review the composition and structure and performance of the Board.
 - b. The Board aims to have a Board of Directors which has, at all times, the appropriate mix of skills, experience, expertise and diversity relevant to Sandfire's businesses and the Board's duties and responsibilities. The composition of the Board is guided by the People and Performance Committee where the BSM, reflective of Sandfire's strategy, will be utilised in guiding succession planning to ensure there is appropriate skills during transition periods and/or to increase skills, experience and diversity in particular areas.
 - c. The majority of the Board should, to the extent practicable given the size and composition of the Board from time to time, be comprised of independent directors as determined in accordance with section 12.
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5. Appointment and re-election of directors

- a. With guidance from the People and Performance Committee and, where necessary, external consultants, the Board will identify candidates with appropriate skills, experience, expertise and diversity in order to discharge its mandate effectively and to maintain the necessary mix of expertise on the Board.
- b. The People and Performance Committee assesses nominations of new directors against a range of criteria including the candidate's background, experience, gender, professional skills, personal qualities and whether their skills and experience will complement the existing Board.
- c. The criteria to assess nominations of new directors is reviewed annually and the People and Performance Committee regularly compares the skill base of existing directors with that required for the future strategy of Sandfire to enable identification of attributes required in new directors.
- d. Before appointment to the Board, candidates must confirm that they will have sufficient time to meet their obligations to Sandfire, in light of other commitments.
- e. New directors are to be provided with a formal letter of appointment to the Board setting out the key terms and conditions of the appointment, together with any other documents that Sandfire considers relevant to the appointment.
- f. For shareholder meetings where directors are standing for election or re-election, the notice of meeting must include information to enable shareholders to make an informed decision on their election or re-election. This requirement is set out in detail in Sandfire's People and Performance Committee Charter.
- g. All directors (other than a managing director, if any) are subject to re-election by rotation at least every three years as stipulated in the Company's Constitution. Newly appointed directors must seek re-election at the first general meeting of shareholders following their appointment.

6. Review of Board, committee and individual directors' performance

- a. With guidance from the People and Performance Committee, the Board will regularly review the performance of the Board, its committees and each director, using where necessary an external consultant, against appropriate measures. Each year, Sandfire will disclose in its annual reporting suite whether such a performance evaluation has been undertaken during or in respect of that period and any relevant findings.
 - b. Each year, the Chair (with guidance from the People and Performance Committee) will review the performance of the Managing Director and Chief Executive Officer against guidelines approved by the Board and disclose in its annual corporate governance statement whether such a performance evaluation has been undertaken during or in respect of that period.
 - c. The Company will disclose in the annual report:
 - i. those directors who the Board considers are independent;
 - ii. if a director has an interest, position or relationship which may be perceived to compromise a director's independence but the Board is of the opinion that interest, position or relationship does not compromise that director's independence, an explanation of why the Board is of that opinion; and
 - iii. details of the length of service of each director.
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7. Board Chair

The Board Chair will be elected by the Board and must be an independent director. The Board Chair must not hold, and must not have held within the previous 3 years, the office of Managing Director and/or Chief Executive Officer of Sandfire.

The Board Chair's role includes:

- a. leading the Board;
 - b. facilitating effective contribution of all directors and promoting constructive and respectful relations among the directors and between the Board and management;
 - c. approving board agendas and ensuring adequate time is available for discussion of all agenda items, including strategic issues;
 - d. representing the views of the Board to the public; and
 - e. presiding over meetings of the Board and general meetings of shareholders.
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8. Company secretary

- a. The Board appoints and removes the Company Secretary. All directors are to have direct access to the Company Secretary.
- b. The Company Secretary is responsible for the day to day operations of the Company Secretary's office, including the administration of Board and committee meetings, overseeing Sandfire's relationship with its share registry and lodgements with the Australian Securities Exchange (**ASX**), Australian Securities and Investments Commission (**ASIC**) and other regulators.
- c. The Company Secretary is also responsible for communications with the ASX about listing rule matters, including making disclosures to the ASX in accordance with Sandfire's Disclosure Policy.
- d. The Company Secretary supports the effectiveness of the Board by monitoring that Board policy and procedures are followed and co-ordinating the completion and despatch of Board agendas and briefing papers.
- e. The Company Secretary is accountable to the Board through the Board Chair, on all matters to do with proper functioning of the Board.

BOARD CHARTER

- f. The Company Secretary together with the guidance of the Board's People and Performance Committee, and the assistance of the Board, shall organise the induction of new directors and facilitate ongoing professional development training for directors.
 - g. The Board may appoint Joint Company Secretaries from time to time.
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9. Keeping directors informed

- a. New directors are to be briefed on their roles and responsibilities and the minutes and papers of Board and committee meetings will be made available to them.
 - b. Board papers are distributed, where possible, within a reasonable period of time before each meeting.
 - c. Time is to be allocated at Board and committee meetings for continuing education on significant issues facing the Company and changes to the regulatory environment. This is to include briefings by Senior Management and external consultants, as required, from time to time.
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10. Access to independent advice

Directors may obtain independent professional advice at Sandfire's expense on matters arising in the course of their Board and committee duties, after obtaining the Board Chair's approval (or if the relevant officer is the Board Chair, the Audit Committee's Chair). The other directors must be advised if the Board Chair's (or Audit Committee's Chair if applicable) approval is withheld.

11. Non-executive directors' meetings

The non-executive directors are expected to meet periodically with no management present.

12. Independence of non-executive directors

- a. To be judged independent, a director must, in the opinion of the Board, be free of any interest, position 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 Sandfire as a whole rather than in the interests of an individual security holder or any other person.
- b. Individuals would, in the absence of evidence or convincing argument to the contrary, not be characterised as independent if they:
 - i. were employed, or had previously been employed in an executive capacity by Sandfire or any of its material subsidiaries in the three years prior to becoming a director;
 - ii. received performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, Sandfire;
 - iii. within the last three years, were in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with Sandfire or another group member, or is an officer of, or otherwise associated with, someone with such a relationship;
 - iv. were a substantial shareholder of Sandfire, or a representative of, or an officer or employee within the last three years of, or professional adviser to, a substantial shareholder of Sandfire;
 - v. have close personal ties with any person who falls within any of the categories described above;
 - vi. have been a director of Sandfire for such a period that his or her independence from management and substantial shareholders may have been compromised; or
 - vii. were directly involved in the external audit of Sandfire or any of its subsidiaries.
- c. Sandfire will disclose the names of the directors considered by the Board to be independent directors in Sandfire's annual report.

BOARD CHARTER

- d. If a director has an interest, position or relationship of the type described in sub paragraph (b) above, but the Board is of the opinion that it does not compromise the independence of that director, Sandfire may consider disclosing in Sandfire's annual report the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion.
 - e. Any change in the nature of the independence status of a non-executive director must be promptly notified to the Board Chair and Company Secretary and the Board will review that director's independence status. If the Board determines that there has been a change to the independence status of a non-executive director, the Board will take steps to ensure that this change is disclosed and explained in a timely manner to the market.
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13. Conflict of interest

- a. Directors must keep the Board advised, on an ongoing basis, of any interests that could potentially conflict with those of Sandfire and will advise the Company Secretary of all directorships or executive positions held in other companies.
 - b. If a potential material conflict of interest or conflict of duty arises, the director concerned will advise the Board Chair prior to any Board meeting at which the conflicted matter is to be discussed. The director will not receive the relevant Board papers and will not be present or participate in the Board meeting while the relevant matter is considered unless the other directors approve that director's participation in the deliberation and voting on the relevant issue in accordance with the *Corporations Act 2001* (Cth). Any potential conflict must be recorded in the Board minutes.
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14. Board committees

- a. The Board will operate three committees:
 - i. Audit Committee;
 - ii. Risk Committee; and
 - iii. People and Performance Committee.
 - b. When appointing members of each committee, the Board will take account of the skills and experience appropriate for that committee as well as any statutory or regulatory requirements.
 - c. The chair of the Audit Committee and the Risk Committee cannot be the Board Chair and is to be independent of management and Sandfire.
 - d. The committees operated by the Board are to consider the matters for which they are responsible in accordance with their charter. Copies of the charter of each committee are to be published on the Sandfire website. The Board may establish other committees as and when required.
 - e. With respect to any Board committees, the Board will ensure that the following disclosures are made in the Sandfire annual report:
 - i. the members of each committee and their professional qualifications and experience;
 - ii. the number of times each committee met throughout a period; and
 - iii. the individual attendances of the members of those meetings.
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15. Restrictions on share dealings by directors

- a. In accordance with Sandfire's Securities Trading Policy, directors, Senior Management and other nominated parties may only buy or sell shares during certain periods set out in that policy. The policy contains other relevant restrictions.
- b. All Sandfire share dealings by directors must be promptly notified to the ASX.

BOARD CHARTER

c. A copy of the Sandfire Securities Trading Policy is published on the Sandfire website.

16. Confidentiality

All proceedings of the Board, including Board papers, presentations and other information provided to the Board, must be kept confidential except as required by law or as agreed by the Board.

17. Code of Conduct

Sandfire has a Code of Conduct which sets out the way Sandfire conducts its business and guides the behaviour of everyone in Sandfire (including, employees, contractors and directors) by clearly stating Sandfire's firm commitment to behaving honestly and fairly. A copy of the Sandfire Code of Conduct is published on the Sandfire website.

18. Review

The Board will, at least once in each year, review this Board Charter to determine its adequacy for current circumstances and may amend it as necessary.

SANDFIRE RESOURCES

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