

## **KINGSGATE CONSOLIDATED LIMITED – BOARD CHARTER**

This charter sets out the role and specific responsibilities of the Company's Board of Directors and the Company Secretary and details the manner in which the Board will operate.

### *Duties and Responsibilities*

The Board of Directors is responsible for the overall management of the Company and for directing its strategic goals. The Board of Directors is accountable to shareholders for the proper and prudent investment and preservation of shareholder funds.

The Board is responsible for:

- overseeing the Company, including its control and accountability systems;
- providing leadership of the Company within a framework of prudent and effective controls which enable risks to be assessed and managed;
- providing input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;
- setting the Company's direction, strategies and financial objectives;
- ensuring monitoring of compliance with regulatory and ethical standards;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approving and monitoring financial and other reporting;
- appointing, terminating and reviewing the performance of the Managing Director and Chief Executive Officer;
- ratifying the appointment and the removal senior executives;
- monitoring senior executives' performance and implementation of strategy; and
- ensuring appropriate resources are available to senior executives.

Responsibility for the day-to-day management of the Company is delegated to the Executive Chairman and the senior executives.

### *Structure of the Board*

The Board is comprised of a majority of Non-Executive Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.

The Board may, in accordance with the Company's constitution, be comprised of a minimum of three and a maximum of ten Directors.

The composition of the Board is disclosed in the Company's Annual Report and Half-Year Financial Report. Any changes to the Board composition are announced to the ASX in accordance with the Company's continuous disclosure obligations.

### *Board Independence*

The Board considers that independence from management and non-alignment with other interests or relationships with the Company is essential for impartial decision making and effective governance.

Directors are deemed to be independent if they are independent of management and have no material business or other relationship with the Company that could materially impede their objectivity or the exercise of independent judgement or materially influence their ability to act in the best interests of the Company.

In assessing independence, the Board has regard to whether any Director:

- is, or has been, employed in an executive capacity by the Company or any of its subsidiaries 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 the Company or any of its subsidiaries;
- is, or has been within the last three years, in a material business relationship with the Company or any of its Subsidiaries, or an officer of, or otherwise associated with, someone with such a relationship;
- is a substantial security holder of the Company or an officer of, or otherwise associated with a substantial security holder of the Company;
- has a material contractual relationship with the Company or any of its subsidiaries 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 concept of 'materiality' is considered from both the Company and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

#### *Chairman*

The Directors must elect one of their number to act as chairman and may determine the period for which the chairman elected as chairman is to hold office. The chairman shall have a casting vote in the event of an equality of votes, except where only two Directors are present and entitled to vote.

#### *Meetings*

In carrying out its duties the Board meets formally at least eleven times per year. Additional meetings are held as required to address specific issues or as the need arises. Directors also participate in meetings of various Board committees.

A Director may, at any time, and the Company Secretary must on the request of a Director, convene a meeting of the Directors.

Notice of a meeting of Directors must be given to each Director.

A quorum for a meeting shall be two Directors.

### *Review of the Board*

The Company conducts an annual assessment of collective performance of the Board and its committees as well as the individual performance of its Directors. The Nomination Committee is responsible for this process.

The performance evaluation is conducted internally by way of peer review. It includes Directors completing a self-evaluation survey. Senior executives are also requested to complete a questionnaire in relation to their dealings and interfaces with the Board. At a specially convened meeting held annually, the Directors discuss each of the Director's self-evaluation surveys in turn and any relevant issues arising out of the questionnaires in the absence of the relevant Director. Once the discussion relating to that Director has concluded, the relevant Director is permitted to return to the meeting, at which time the Directors raise any relevant issues concerning that Director's performance. Accurate records of these discussions are maintained by the Nomination Committee.

The Nomination Committee prepares a report relating to the Board performance as a whole and the Directors individually, which is then discussed by the Board. The actions agreed by the Board in response to the recommendations made in the Nomination Committee's report are documented and completion of these items monitored by the Board.

The performance of the Board as a whole is assessed taking into account strategy and planning, board structure and role, meeting process, performance monitoring and Board and Director responsibilities. The performance of the individual Directors is assessed taking into account strategy development, due diligence, accountability, team performance, mentoring and special expertise.

The Board reviews the performance of its committees by way of a review of a written report from the respective committee detailing its assessment of its performance against the requirements of its charter, goals and objectives for the coming year and recommendations for any improvement to its charter deemed necessary or desirable.

### *Company Secretary*

The Company Secretary is accountable directly to the Board, through the chairman, on all matters to do with the proper functioning of the Board.

### *New Appointments*

Appropriate checks are performed before appointing a person or putting a person forward for election as a Director.

The company has an induction programme for new Directors, which includes providing appointees with a package of documents including the Company's constitution, latest annual report, recent management reports and corporate governance materials. New Directors also meet with the Chief Executive Officer and Chief Financial Officer as well as other senior personnel. In addition site visits are arranged for the appointee to inspect key operations.

### *Professional Development Opportunities*

The Company encourages Directors to maintain and upgrade their skills by meeting the reasonable costs of professional development activities, subject to the approval of the chairman.

*Review of Board Charter*

The Board will regularly review this charter and the charters of the Board Committees to ensure they remain consistent with the Board's objectives and responsibilities and relevant standards of corporate governance.