



# **Board Charter**

**Atlas Iron Limited**

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## 1 PURPOSE

Atlas Iron Limited (**Atlas**) is committed to implementing and maintaining the highest standards of corporate governance. In determining what those standards should involve, Atlas has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition).

This charter sets out the role and responsibilities of the Board of Atlas (**Board**) within the governance structure of Atlas and its related bodies corporate (as defined in the Corporations Act) (the **Group**). This Charter is a summary of the matters reserved to the Board and should therefore only be used as a general guide.

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## 2 COMPOSITION OF THE BOARD

The Constitution of Atlas provides for a minimum of three directors. The director's will endeavour, where practicable, to ensure that independent directors constitute a majority of the Board. Membership of the Board shall be disclosed in the annual report including whether a director is considered by the Board to be independent or not independent. The Remuneration & Nomination Committee will assist the Board to assess, review and determine whether directors are independent in accordance with the criteria outlined in the Remuneration & Nomination Committee Charter. Loss or gain of independence shall be disclosed to the ASX.

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## 3 BOARD PROCESS

The conduct of the Board is governed by Atlas' constitution, the Corporations Act, the Listing Rules of ASX Limited (**ASX**) and common law. In broad terms, the Board is accountable to the shareholders of Atlas and must ensure that Atlas is properly managed to protect and enhance its shareholders' wealth and other interests.

The Board will meet regularly. Directors will use reasonable endeavours to attend Board meetings in person.

Periodically, the non-executive directors will meet without executive directors or management present.

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## 4 ROLE OF THE BOARD

The Board is responsible for promoting the success of the Group in a way which ensures that the interests of shareholders and stakeholders are promoted and protected.

The following are regarded as the key responsibilities and functions of the Board:

- to develop, review and monitor the Group's long-term business strategies and provide strategic direction to management;
- to ensure policies and procedures are in place to safeguard the Group's assets and business and to enable the Group to act ethically and prudently;
- to develop and promote a system of corporate governance which ensures the Group is properly managed and controlled;
- to identify the Group's principal risks and ensure that it has in place appropriate systems of risk management, internal control, reporting and compliance and that management is taking appropriate action to manage those risks;

- to ensure that the Group has in place an appropriate risk management framework and set the risk appetite within which the Board expects Management to operate;
- to review and approve the Group's financial statements;
- to monitor management's performance and the Group's financial results on a regular basis;
- to oversee and monitor organisational performance and the achievement of strategic goals and objectives, the progress of major capital expenditures and other corporate projects including acquisitions, mergers and divestments;
- to appoint, ratify, appraise and determine the remuneration and benefits of, and when necessary replace, the Managing Director;
- to delegate powers to the Managing Director as necessary to enable the day-to-day operations and management of the Group to be carried on, and to regularly review those delegations;
- to ensure that the Group has in place appropriate systems to comply with relevant legal and regulatory requirements that impact on its operations;
- to determine the appropriate capital management for the Group including share and loan capital and dividend payments;
- to determine and regularly review an appropriate remuneration policy for employees of the Group;
- to appoint and, when necessary, to replace the Chairman and the Lead Independent Director;
- to monitor the effectiveness of the Group's governance practices;
- to approve major capital expenditure, acquisitions and divestments;
- to assess the independence of individual non-executive directors;
- to monitor dealings in securities and declarations of interest by Directors;
- to periodically evaluate the performance of the Board; and
- to oversee the Group's process for making timely and balanced disclosure of all material information concerning the Group that a reasonable person would expect to have a material effect on the price or value of Atlas' securities.

The Board may delegate some powers and functions to the Managing Director or executive directors for the day-to-day operations and management of the Group. Powers and functions not delegated remain with the Board.

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#### **4 ROLE OF THE CHAIRMAN**

The Chairman is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, conducting the Board meetings and conducting the shareholder meetings.

The Chairman should facilitate the effective contribution of all directors and promote constructive and respectful relations between Board members and management.

In the event that the Chairman is absent from a meeting of the Board then the Board shall appoint a Chairman for that meeting.

The role of Chairman and Managing Director shall not be exercised by the same individual.

The Chairman must be able to commit the time to discharge the role effectively.

There is a clear division of responsibility at the head of Atlas. The division of responsibilities between the Chairman and the Managing Director should be agreed by the Board. Details about the Managing Director's responsibilities are set out in Section 12.

If the Chairman is not an independent director or ceases to be an independent director then the Board will consider appointing another director who is independent as the Lead Independent Director. Details about the role of the Lead Independent Director are set out in Section 5.

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## **5 ROLE OF LEAD INDEPENDENT DIRECTOR**

The role of the Lead Independent Director is to:

- take the chair at any meeting for an item where the Chairman has a conflict of interest (whether actual or perceived);
- where required, act as a liaison point for the independent directors.

The Lead Independent Director may, in discharging his or her role, convene a meeting of independent directors for the purpose of discussing any issues of particular interest to the independent directors.

It is the role of the Board to ensure that conflicts of interest of the Board (whether actual or perceived) are identified and managed appropriately.

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## **6 TERMS OF OFFICE**

All directors (except the Managing Director) are required by Atlas' Constitution to submit themselves for re-election at regular intervals and at least at the third annual general meeting after the director was last elected or re-elected.

Generally, non-executive directors should not serve in that role for such a period that their independence may have been compromised. In that regard, the Board and Remuneration & Nomination Committee will assess whether any non-executive director who has served in that position for more than ten years continues to be independent or has formed associations with management (or others) that might compromise his or her ability to discharge his or her duties as a non-executive director in the best interests of Atlas.

These considerations need to be assessed in the context of recognising that Atlas and its shareholders are likely to be well served by having a mix of directors, some with a longer tenure with a deep understanding of Atlas' business and some with a shorter tenure with fresh ideas and perspective.

Before a director is nominated for re-election at a shareholders' meeting, the Chairman shall consult with the rest of the Board and review the director's performance before the

Board endorses his or her re-nomination. The Remuneration & Nomination Committee will assist in this process in accordance with its charter.

In light of the time commitment required by appointment to the Board, non-executive directors are asked to limit the number of other directorships for the duration of their appointment with Atlas. Non-executive directors are asked to provide the Board with details of other commitments and an indication of time involved. The Board will regularly review the time required of a non-executive director and make an assessment as to whether the directors are able to meet their commitment to Atlas.

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## **7 SELECTION OF NEW DIRECTORS**

Subject to the Constitution of Atlas, the Board shall decide on the recommendations of new directors after consultation with the Remuneration & Nomination Committee.

In selecting new members for the Board, the Board shall have regard to the appropriate range of qualifications and expertise needed by the Board as a whole. The directors shall endeavor to appoint individuals who will provide a mix of director characteristics and diverse experiences, perspectives and skills appropriate for Atlas.

New directors are provided with a letter of appointment which sets out the key terms and conditions of their appointment.

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## **8 DELEGATION TO COMMITTEES**

To assist the Board in fulfilling its duties, the Board has established the following Committees, each with written terms of reference:

- Audit and Risk Committee; and
- Remuneration & Nomination Committee.

The charters of the Committees are approved by the Board and are to be reviewed annually to ensure that they remain consistent with the Board's objectives and responsibilities and are updated as required.

The Board will ensure that the Committees are sufficiently funded to enable them to fulfill their roles and discharge their responsibilities.

Members of Committees are appointed by the Board. The Board may appoint additional directors to Committees or remove and replace members of Committees by resolution.

The minutes of each Committee meeting shall be provided to the Board at the next occasion the Board meets following approval of the minutes of such Committee meeting.

The Board may also delegate specific functions to ad hoc committees on an 'as needs' basis. The powers delegated to these ad hoc committees will be set out in Board resolutions.

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## **9 COMPANY SECRETARY**

When requested by the Board, the Company Secretary will facilitate the flow of information of the Board, between the Board and its Committees and between senior executives and

non-executive directors.

The Company Secretary is to support the effectiveness of the Board by monitoring that Board policies and procedures are followed, and coordinating the timely completion and dispatch of Board agenda and briefing material.

The Company Secretary will also:

- facilitate the induction of new directors;
- help to organise and facilitate the induction and professional development of directors;
- facilitate the implementation of Board policies and procedures; and
- provide advice to the Board and its Committees on corporate governance matters.

The Company Secretary will attend all Board and Committee meetings and ensure that the business at Board and Committee meetings is accurately captured in minutes of these meetings. All minutes of the Board and Committees will be entered into a minute book maintained for that purpose and will be open at all times for inspection by any director.

The Company Secretary is accountable to the Board, through the Chairman, on all governance matters.

All directors have access to the advice and services provided by the Company Secretary.

The Board has the responsibility for the appointment and removal of the Company Secretary.

## **10 ACCESS TO INFORMATION AND ADVICE**

All directors have unrestricted access to company records and information in order to discharge their responsibilities effectively, except where the Board determines that such access would be adverse to Atlas' interests.

All directors may consult management and employees as reasonably required with prior notification to the Managing Director, as a matter of courtesy, to enable them to discharge their duties as directors.

Senior executives supply the Board with information in a form and timeframe, and of a quality, that enables the Board to discharge its duties effectively. Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

The Board, its Committees or individual directors may seek independent external professional advice as considered necessary for them to discharge their responsibilities as directors at the expense of Atlas, subject to prior consultation with the Chairman. A copy of any such advice received will be made available to all members of the Board.

## **11 DIRECTORS' SHAREHOLDINGS**

All directors have agreed to disclose publicly their shareholdings and all changes thereof as required by the ASX Listing Rules. The disclosed interests in shares held by directors, their associates and their associated entities are the same as their economic interest.

Directors are subject to the Group's "Guidelines For Dealing in Securities" which provide that Atlas securities may generally not be bought or sold without notification and approval of the Chairman.

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## 12 BOARD'S RELATIONSHIP WITH MANAGEMENT

The Board has delegated responsibility for the day-to-day operations and administration of the Group to the Managing Director.

The Managing Director is responsible for:

- the effective leadership of the Group;
- the preparation and implementation of development and operational plans to achieve the strategic, operational and financial objectives of the Group as determined by the Board;
- the management of the day to day affairs of the Group including its people, processes, policies and systems;
- the conduct of commercial negotiations with other entities;
- the development and maintenance of effective relationships with the Group's employees, shareholders, joint venture partners, governments at all levels and government agencies, suppliers and customers, and local landowners;
- ensuring that the Group complies with all applicable laws and regulations, including applicable listing rule disclosure requirements;
- reporting to the Board, or as directed by the Board, and providing prompt and full information regarding the conduct of the business of the Group; and
- ensuring all material matters that affect the Group are brought to the Board's attention.

Senior executives, including the Managing Director and the Chief Financial Officer, should have a formal job description and employment contracts or letters of appointment describing their term of office, duties, rights and responsibilities, and entitlements on termination.

In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within the Group to facilitate the carrying out of their duties as directors.

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## 13 PERFORMANCE REVIEW

Once a year, the Board shall hold a meeting to review critically and discuss the performance of:

- the Board as a whole;
- its Committees; and
- individual directors.

If it is apparent that these are problems which cannot be satisfactorily considered by the

Board itself, the Board may decide to engage an independent adviser to undertake this review. The annual performance evaluation practices are outlined in Section 6. The Remuneration & Nomination Committee will assist in this process in accordance with its charter.

The Board, in conjunction with the Remuneration & Nomination Committee, will regularly review whether the directors as a group have the skills, knowledge and familiarity with the Group and its operating environment required to fulfil their role on the Board and on Committees effectively and, where any gaps are identified, consider what training or development could be undertaken to fill those gaps.

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## **14 INDUCTION**

The Company Secretary in conjunction with the Remuneration & Nomination Committee will put in place induction procedures to allow new directors to participate fully and actively in Board decision-making at the earliest opportunity. The induction program will be available to enable new directors to gain an understanding of:

- Atlas' financial, strategic, operational and risk management position;
- the culture and values of Atlas;
- the rights, duties and responsibilities of the directors;
- the roles and responsibilities of senior executives;
- the role and procedures of the Board and its Committees;
- meeting arrangements; and
- director interaction with each other, senior management and other stakeholders.

Directors will be given access to continuing education to update and enhance their skills and knowledge.

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## **15 REVIEW OF CHARTER**

The Board will, at least once in each year review the Board Charter to ensure it remains consistent with the Board's objective and responsibilities.

Updated by the Board:

28 October 2015