

## 1. Purpose

This document summarises the role, responsibilities, policies and processes of the Board of Iron Road Limited and comments on the Board's approach to corporate governance. It is supplemented by the Board Code of Conduct. Iron Road Limited and its controlled entities, as defined in the *Corporations Act 2001 (Cth)*, together are referred to as "the Group" in this document.

## 2. Role

The Board is the governing body of the Group. The Board and the Group act within a statutory framework – principally the *Corporations Act 2001* – and also the Constitution of Iron Road Limited. Subject to this statutory framework, the Board has the authority and the responsibility to perform the functions, determine the policies and control the affairs of the Group.

The Board must ensure that Iron Road Limited acts in accordance with prudent commercial principles and satisfies shareholders – consistent with maximising the Group's long term value.

## 3. Company Values

1. Operating with health and safety as a priority and being environmentally responsible.
2. Employing the right people to achieve superior business results.
3. Acting with respect and integrity.
4. Doing what we have committed to do

## 4. Composition of the Board

### 4.1 Composition

The composition of the Board should include independent non-executive directors. The Board has accepted the following definition of an independent director:

*An independent director is a director who is not a member of management (a non-executive director) and who is not a substantial shareholder of the Group or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder and/or the Group.*

### 4.2 Number

Under the Constitution, the Board must comprise between 3 and 9 directors. For the purpose of efficient working, the preferred number of directors in office at any time is up to 6, although a number outside this range may be acceptable from time to time for particular reasons.

### 4.3 Quorum

Under the Constitution a quorum for directors is 2. For the purpose of effective Board decision making, input from a majority of directors is desirable and, except in the rarest of occasions, a Board meeting will not be called unless a majority of directors are able to attend.

### 4.4 Term/Appointment

Directors are appointed for terms not exceeding three years but are eligible for reappointment. Directors appointed during the year are required to have their appointment confirmed by the shareholders in general meeting.

There is no maximum age for directors.

#### 4.5 Qualifications

The Board should comprise directors with a broad range of skills and experience. Persons nominated as non-executive directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an independent view of the Board's deliberations.

Persons nominated as executive directors shall be expected to be of sufficient stature and security of employment to express independent views on any matter.

All directors nominated for the Board should be able to perform well in a group and have the capacity to contribute to the Board reaching decisions by integrated group thinking rather than by compromise.

#### 4.6 Commitment

The commitment required by non-executive directors in order to fulfil their obligations to the Board is expected to be the equivalent of approximately 25 days per year.

#### 4.7 Committees of the Board

The Board fulfils the role of the following committees:

- Audit & Corporate Governance
- Remuneration; and
- Nomination and Review.

The Board has not established separate committees as the Group does not have the scale or complexity to benefit from a separate committee. Should circumstances change, the Board will assess the benefits of establishing such committees.

The Board may also form occasional committees such as a Mergers, Acquisitions and Capital Restructure committees. The members and terms of such occasional committees will be agreed between the full Board, at the time the occasional committee is formed.

#### 4.8 Remuneration

Non-executive directors will be adequately remunerated for their time and effort and the risks involved. The non-executive directors' remuneration is as approved by the Board within the cap set by the shareholders and will be reviewed on an annual basis. A review will be conducted by the Chair and where appropriate an external independent remuneration consultant may be engaged to assist in comparing remuneration with companies of similar characteristics.

#### 4.9 Exertion Fee

Any director who, in his/her capacity as a director, is requested by the Board to devote special attention to the business of the Group or to perform duties which are outside the scope of the ordinary duties of a director or well beyond the expected 25 equivalent days per year, may be paid a sum in addition to his/her normal director's fee to be determined by the Chair. Examples of circumstances when a director may be requested to carry out additional duties may be in cases where there is a takeover bid for the Group, or in conducting due diligence on potential acquisitions.

### 5. Role of the Board

The primary role of the Board is to carry out the functions of the Board, broadly described as follows:-

- Demonstrating leadership and defining the Group's purpose.
- Approving the Group's statement of values and code of conduct to underpin the desired culture within the Group.
- Appointing the Chair.
- Adopting a Strategic Plan for the Group, including general and specific goals and comparing actual results with the Plan and ensuring that the strategic planning process is conducted on a regular basis.

- Selecting the Chief Executive Officer, and if necessary replacing him/her, setting an appropriate remuneration package and ensuring adequate succession.
- Adopting clearly defined delegations of authority from the Board to the Chief Executive Officer.
- Agreeing performance indicators with management and reporting of relevant information to the board.
- Whenever required, challenging management and holding it to account.
- Taking steps designed to protect the Group's financial position and its ability to meet its debts and other obligations as they fall due.
- Establishing and monitoring policies directed to ensuring that the Group complies with the law and conforms with the highest standards of financial and ethical behaviour.
- Adopting an annual budget for the financial performance of the Group and monitoring results on a regular basis.
- Determining that the Group has instituted adequate reporting systems and internal controls (both operational and financial) together with appropriate monitoring of compliance activities.
- Determining that the Group financial reports are true and fair and are in conformity with Australian Accounting Standards.
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs and that the scope of the external audit is adequate.
- Selecting and recommending Auditors to shareholders at general meetings.
- Overseeing 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 the Group's securities.
- Adopting formal processes for the selection of new directors and recommending them for the consideration of shareholders at the general meetings with adequate information to allow shareholders to make informed decisions.
- Satisfying itself that the Group's remuneration policies are aligned with the Group's purpose, values, strategic objectives and risk appetite.
- Reviewing Board processes and effectiveness, and the balance of competences of the Board.

## 6. Role of the Chair

The Chair is responsible for the integrity of the Board process and the functioning of the Board. This contrasts with the role of the Chief Executive Officer who is responsible for the functioning of the organisation, and the Company Secretary, who is responsible for the integrity of Board documents.

There are two main aspects to the Chair's role, the Chair's role within the Boardroom and outside the Boardroom.

### Inside the Boardroom, the Chair shall:

- Be clear on what the Board has to achieve, both in the long and the short term.
- Provide firm guidance to other Board members about what is expected of them.
- Ensure the Board behaves in accordance with its rules and codes of conduct.
- Make Board meetings effective by ensuring that the Board:
  - considers the right matters (eg. focuses on strategic issues, settles the Board agenda);
  - considers matters properly/carefully (eg. that papers are adequately researched, that matters in the Board decision making framework have been appropriately addressed and that adequate time is spent on the issue);
  - comes to clear decisions (eg. that the resolution is clear as to the intentions of the Board).
- Ensure decisions of the Board are implemented properly.
- Behave fairly by allowing all Board members equal opportunity and input, whilst at the same time being cognisant of the need for efficient, timely and orderly meetings.

### **Outside the Boardroom, the Chair should:**

- Seek to strengthen the composition of the Board on an ongoing basis. This requires a focus on membership of the Board, performance of the Board (both as a group and individually) and Board terms of appointment.
- Ensure that all Board members actively build and maintain the Group's image and reputation.
- Fulfil duties as the representative or spokesperson of the Board (eg. in presentations to media or staff).

In general, the Chair is the representative on matters of governance, whilst the Chief Executive Officer is the spokesperson on matters relating to the operation of the Group. When representing the Board, the Chair should limit comments to what the Board has stated, unless the Board has specifically granted further authority.

## **7. Corporate Governance**

Iron Road Limited is a listed company and is subject to the Listing Rules of the Australian Securities Exchange. The directors aspire to the very highest standards of corporate governance. To this end they have established a framework of corporate governance which is reviewed on a regular basis. The Corporate Governance Statement (available at [www.ironroadlimited.com.au](http://www.ironroadlimited.com.au)) outlines the main practices in this regard, which may be summarised as:

- Information is provided on the structure of the Board, procedures for appointment and remuneration of directors, and the qualifications and experience of individual directors.
- The responsibilities and composition of any applicable Board committees is described.
- Procedures for internal control and risk management are specified.
- The Group's approach to ethical standards and environmental policy are described.

## **8. Retirement of the Board**

All directors are expected to voluntarily review their membership of the Board from time to time taking into account length of service, age, qualifications and expertise relevant to the Group's then current policy and programme; together with the other criteria considered desirable for composition of a balanced Board and the overall interests of the Group.

A director shall be expected to resign if requested to do so. An executive director shall tender a resignation from the Board immediately he/she decides to retire or resign from employment with the Group but may be invited by the Board, acting with support from the other Directors, to extend his/her term for a period up to or beyond the date his/her executive position with the Group will terminate.

## **9. Number of Outside Directorships**

A director should continually evaluate the number of Boards on which he/she serves to ensure that each can be given the time and attention to detail required to properly fulfil the director's duties and responsibilities.

A director shall notify the Chair in writing prior to accepting appointment to the Board of a public company or major enterprise. The director shall give due and proper regard to the director acting simultaneously as a director of the Group and of any other corporation. For the purposes of maintaining the director's Register of Interests, a director shall notify the Company Secretary in writing once they have accepted an appointment to any Board.

An executive director shall not accept appointment to the Board of any corporation outside the Group of companies without the prior approval of Board.

## **10. Confidentiality**

The directors acknowledge that all proceedings of the Board and any committees are strictly confidential and that a director will be expected to resign from the Board if he/she commits a breach of this confidentiality.