



## **FYI Resources Limited**

ACN 061 289 218

## **Corporate Governance Policies**

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# **1 Principle 1 – Lay solid foundations for management and oversight**

## **Responsibilities of the Board**

- 1.1 The Board is responsible for the following matters:
- 1.1.1 ensuring the Company's conduct and activities are ethical and carried out for the benefit of all its stakeholders;
  - 1.1.2 development of corporate strategy, implementation of business plans and performance objectives;
  - 1.1.3 reviewing, ratifying and monitoring systems of risk management, codes of conduct, internal control system and legal and regulatory compliance;
  - 1.1.4 the appointment of the Company's Managing Director, Chief Executive Officer (or equivalent), Chief Financial Officer, Company Secretary and other senior executives;
  - 1.1.5 monitoring senior executives' performance and implementation of strategy;
  - 1.1.6 determining appropriate remuneration policies;
  - 1.1.7 allocating resources and ensuring appropriate resources are available to management;
  - 1.1.8 approving and monitoring the annual budget, progress of major capital expenditure, capital management, and acquisitions and divestitures; and
  - 1.1.9 approving and monitoring financial and other reporting.

## **Chairperson**

- 1.2 The Chairperson is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's business. The Chairperson should facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between the Board and management of the Company. The Chairperson is responsible for briefing directors on issues arising at Board meetings and ultimately is responsible for communications with shareholders and arranging Board performance evaluation.

## **Managing Director/Chief Executive Officer**

- 1.3 The Managing Director or Chief Executive Officer is responsible for running the affairs of the Company under delegated authority from the Board. In carrying out his or her responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

## **Company Secretary**

- 1.4 The Company Secretary is responsible for monitoring the extent that Board policy and procedures are followed, and coordinating the timely completion and despatch of

Board agendas and briefing material. All directors are to have access to the Company Secretary.

### **Performance Evaluation**

- 1.5 The Chairperson and/or the Managing Director are responsible for reviewing the performance of each executive at least once every calendar year with reference to the terms of their employment contract.

### **Reporting**

- 1.6 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 1.

## **2 Principle 2 - Structure the Board to add value**

### **Composition of the Board**

- 2.1 The Company will ensure that the Board will be of a size and composition that is conducive to making appropriate decisions and be large enough to incorporate a variety of perspectives and skills, and to represent the best interests of the Company as a whole rather than of individual shareholders or interest groups. It will not, however, be so large that effective decision-making is hindered.

### **Independent Directors**

- 2.2 The Company will regularly review whether each non-executive director is independent and each non-executive director should provide to the Board all information that may be relevant to this assessment. If a director's independence status changes this should be disclosed and explained to the market in a timely fashion.
- 2.3 The Company will endeavour to ensure that it has a majority of independent directors at all times, subject to the right of shareholders in general meeting to elect and remove directors.

### **Chairperson**

- 2.4 The Chairperson should be a non-executive director who is independent. The Chairperson should not be the Chief Executive Officer of the Company. The Chairperson's other positions should not be such that they are likely to hinder the effective performance of their role of Chairperson of the Company.

### **Independent decision- making**

- 2.5 All directors – whether independent or not - should bring an independent judgement to bear on Board decisions. Non-executive directors are encouraged to confer regularly without management present. Their discussions are to be facilitated by the Chairperson, if he or she is independent or the deputy Chairperson. Non-executive directors should inform the Chairperson before accepting any new appointments as directors.

## **Independent advice**

- 2.6 To facilitate independent decision making, the Board and any committees it convenes from time to time may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chairperson, individual directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities.

## **Procedure for selection of new directors**

- 2.7 The Board will establish a Nomination Committee when it considers the Company and the Board are of a size to justify a Nomination Committee. When the Nomination Committee is established it will be pursuant to the Charter set out in Appendix E.

Prior to the establishment of the Nomination Committee, if any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board believes corporate performance is enhanced when the Board has an appropriate mix of skills and experience.

- 2.8 In support of their candidature for directorship or re-election, non-executive directors should provide the Board with details of other commitments and an indication of time available for the Company. Prior to appointment or being submitted for re-election non-executive directors should specifically acknowledge to the Company that they will have sufficient time to meet what is expected of them. Re-appointment of directors is not automatic.

## **Induction and education**

- 2.9 The Board will implement an induction program to enable new directors to gain an understanding of:

2.9.1 the Company's financial, strategic, operational and risk management position;

2.9.2 the rights, duties and responsibilities of the directors;

2.9.3 the roles and responsibilities of senior executives; and

2.9.4 the role of any Board committees in operation.

- 2.10 Directors will have reasonable access to continuing education to update and enhance their skills and knowledge, including education concerning key developments in the Company and in the industries in which the Company's business is involved.

## **Access to information**

- 2.11 The Board has the right to obtain all information from within the Company which it needs to effectively discharge its responsibilities.

- 2.12 Senior executives are required on request from the Board to 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.

## **Reporting**

- 2.13 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 2.

## **3 Principle 3: Promote ethical and responsible decision-making**

### **Code of conduct**

- 3.1 The Board has adopted the Code of Conduct set out at Appendix A to promote ethical and responsible decision making by directors, management and employees. The Code embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of stakeholder opportunity.
- 3.2 The Board is responsible for ensuring that training on the Code of Conduct is provided to staff and officers of the Company.
- 3.3 The Board is responsible for making advisers, consultants and contractors aware of the Company's expectations set out in the Code of Conduct.

### **Policy for trading in Company securities**

- 3.4 The Board has adopted a policy on trading in the Company's securities by directors, senior executives and employees set out in Appendix B.
- 3.5 The Board is responsible for ensuring that the policy is brought to the attention of all affected persons and for monitoring compliance with the policy.

## **Reporting**

- 3.6 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 3.

## **4 Principle 4: Safeguard integrity in financial reporting**

### **Audit and Risk Management**

- 4.1 The Board will established an Audit and Risk Management Committee pursuant to the Audit and Risk Management Committee Charter set out at Appendix C when it considers the Company and the Board are of a size to justify the committee.
- 4.2 The Audit and Risk Management Committee's mandate is to review the integrity of the Company's financial reporting, oversee the independence and competence of the external auditors and review management's implementation of the Company's risk management policies.

### **Composition of Audit and Risk Management Committee**

- 4.3 Members of the Audit and Risk Management Committee are directors of the Company appointed by the Board and the committee is structured as follows:
- 4.3.1 consists only of non-executive directors unless the Chairperson is an executive director in which case it may include the Chairperson;

- 4.3.2 is chaired by a non-executive director who is not Chairperson of the Board;  
and
- 4.3.3 has at least three members.

### **Reporting**

- 4.4 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 4.

## **5 Principle 5: Make timely and balanced disclosure**

### **Disclosure Policy**

- 5.1 The Board has adopted a Disclosure Policy for ensuring timely and accurate disclosure of price-sensitive information to shareholders through the ASX set out in Appendix D.
- 5.2 The Disclosure Policy ensures that:
  - 5.2.1 all investors have equal and timely access to material information concerning the Company including its financial position, performance, ownership and governance; and
  - 5.2.2 Company announcements are subjected to a vetting and authorisation process designed to ensure they:
    - (a) are released in a timely manner;
    - (b) are factual;
    - (c) do not omit material information; and
    - (d) are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

### **Reporting**

- 5.3 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 5.

## **6 Principle 6: Respect the rights of shareholders**

### **Communication with Shareholders**

- 6.1 The Board is committed to open and accessible communication with holders of the Company's shares and other securities. Disclosure of information and other communication will be made as appropriate by mail or email.

- 6.2 The Company's website will also be used to provide additional relevant information to security holders. The Board considers the following to be appropriate features for the Company's website:
- 6.2.1 placing the full text of notices of meeting and explanatory material on the website;
  - 6.2.2 providing information about the last 4 years' press releases or announcements plus at least 4 years of financial data on the website; and
  - 6.2.3 providing information updates to security holders on request by email.

### **General Meetings**

- 6.3 The Company is committed to improving shareholder participation in general meetings. In order to achieve that objective, the Company has adopted guidelines of the ASX Corporate Governance Council for improving shareholder participation through the design and content of notices and through the conduct of the meeting itself.

### **Reporting**

- 6.4 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 6.

## **7 Principle 7: Recognise and manage risk**

### **Creation and implementation of Company risk management policies**

- 7.1 It is the responsibility of the Chief Executive Officer (or equivalent) to create, maintain and implement risk management and internal control policies for the Company, subject to review by the Audit and Risk Management Committee and ultimately the Board.
- 7.2 The Chief Executive Officer (or equivalent) must report to the Audit and Risk Management Committee on a six half yearly basis regarding the design, implementation and progress of the risk management policies and internal control systems.

### **Audit and Risk Management**

- 7.3 The Audit and Risk Management Committee's mandate is to review the integrity of the Company's financial reporting, oversee the independence and competence of the external auditors and review management's implementation of the Company's risk management policies.
- 7.4 As referenced with respect to Principle 4, the Board may establish an Audit and Risk Management Committee pursuant to the Audit and Risk Management Committee Charter set out at Appendix C.

### **Review by the Board**

- 7.5 The Board will review the effectiveness of implementation of the risk management system and internal control system at least annually.

- 7.6 When reviewing risk management policies and internal control system the Board should take into account the Company's legal obligations and should also consider the reasonable expectations of the Company's stakeholders, including security holders, employees, customers, suppliers, creditors, consumers and the community.

### **Chief Executive Officer**

- 7.7 The Chief Executive Officer (or equivalent) is required annually to state in writing to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating efficiently and effectively in all material respects.

### **Verification of financial reports**

- 7.8 The Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) are required by the Company to state the following in writing prior to the Board making a solvency declaration pursuant to section 295(4) of the Corporations Act:

- 7.8.1 that the Company's financial reports contain a true and fair view, in all material respects, of the financial condition and operating performance of the Company and comply with relevant accounting standards; and
- 7.8.2 that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and that the system is operating effectively in all material respects in relation to financial reporting risks.

### **Reporting**

- 7.9 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 7.

## **8 Principle 8: Remunerate fairly and responsibly**

### **Director and senior executive remuneration policies**

- 8.1 The Company's remuneration policy is structured for the purpose of:
- 8.1.1 motivating senior executives to pursue the long-term growth and success of the Company; and
- 8.1.2 demonstrating a clear relationship between senior executives' performance and remuneration.
- 8.2 The Board's responsibility is to set the level and structure of remuneration for officers (including but not limited to directors and secretaries) and executives, for the purpose of balancing the Company's competing interests of:
- 8.2.1 attracting and retaining senior executives and directors; and
- 8.2.2 not paying excessive remuneration.

- 8.3 Executive directors' remuneration should be structured to reflect short and long-term performance objectives appropriate to the Company's circumstances and goals.
- 8.4 Executive directors' and senior executives' remuneration packages should involve a balance between fixed and incentive-based pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.
- 8.5 Non-executive directors' remuneration should be formulated with regard to the following guidelines:
- 8.5.1 non-executive directors should normally be remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or equity, usually without participating in schemes designed for the remuneration of executives;
- 8.5.2 non-executive directors should not be provided with retirement benefits other than superannuation.
- 8.6 No director may be involved in setting their own remuneration or terms and conditions and in such a case relevant directors are required to be absent from the full Board discussion.

### **Remuneration Committee**

- 8.7 The Board will established a Remuneration Committee pursuant to the Remuneration Committee Charter set out at Appendix F when it considers the Company and the Board are of a size to justify the committee.

### **Reporting**

- 8.8 The Company, will, in the corporate governance statement section of its Annual Report, include the recommended information set out in the ASX Corporate Governance Principles in relation to the Guide to reporting on Principle 8.