

**Mount Gibson Iron Limited**  
**Corporate Governance Policies and Practices Manual**  
**Board Code of Conduct**  
**Adopted by the Board on 7 November 2017**

**1 Overview**

- 1.1 The purpose of this Code of Conduct is to set out the principles, practices and standards of conduct to be observed by all Directors of Mount Gibson Iron Limited (**Company**) and its controlled entities.
- 1.2 Directors are required to understand and comply with the duties and obligations imposed on them and the Company by the Company's Constitution, Corporations Act and ASX Listing Rules.
- 1.3 Under the Corporations Act and Australian case law, directors' duties in relation to a company's affairs are owed to the company. In brief, the main duties imposed by law on Directors of the Company are:
- (a) To act with care and diligence.
  - (b) To act in good faith in the best interests of the Company.
  - (c) To exercise powers for a proper purpose.
  - (d) To avoid an improper use of position or information obtained as Director to gain an advantage for themselves or for another person or to cause detriment to the Company.
  - (e) To disclose a material personal interest to the other Directors when a conflict of interest arises and, unless permitted in accordance with the Corporations Act, not to be present while a matter is being considered at a Directors' meeting or vote on a matter.
  - (f) To prevent the Company from trading while insolvent (the Corporations Act makes directors personally liable for debts that are incurred after a company becomes insolvent).
- 1.4 Directors must demonstrate a clear understanding of the role and purpose of the Board and the Company, including the statutory and regulatory requirements affecting the operations of the Company and the environment in which it operates.
- 1.5 Directors are required to review, and be familiar with, the Company's corporate governance policies and procedures which include the following:
- (a) Board Charter.
  - (b) Conflict of Interest Policy.
  - (c) Continuous Disclosure and ASX Announcements Policy (**Continuous Disclosure Policy**).
  - (d) Key Management Personnel Dealing in Securities Policy.

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- (e) Remuneration Policy.
- (f) This Code.
- (g) The Employee Code of Conduct, which sets out standards of conduct and integrity to be observed by all employees.

1.6 Directors must keep themselves informed of all relevant activities affecting the Board, including Board deliberations and decisions.

1.7 References in this document to the “Managing Director” are also taken to include a person acting in the role of “Chief Executive Officer”.

## **2 Personal conduct**

2.1 The standards of personal conduct applicable to Board members are set out below:

- (a) Directors will, as appropriate, strive to attend all Board and relevant committee meetings and other scheduled activities. Where attendance is not possible Directors will, as appropriate, either seek leave of absence or tender an apology.
- (b) Directors will treat each other with professionalism, courtesy and respect. Directors will work cooperatively with each other towards agreed goals, while accepting the obligation to be independent in judgement and actions. Directors will not attempt to improperly influence other Board members.
- (c) All Directors will strive to achieve consensus within the Board during Board meetings, but if the final position reached at a Board meeting is a majority decision, that will be the decision of the Board. A dissenting Director may have his/her vote and/or a minority view recorded in the Board minutes.
- (d) Directors who may communicate publicly must act in accordance with the Continuous Disclosure Policy and will in general convey views agreed by the Board. If material beyond this is made public, it should be clearly identified as the view of the individual. Any views attributed publicly to the Board or the Company should be cleared in advance preferably with the full Board, but at least with the Chairman, and **immediately** announced (if necessary) to ASX in accordance with the Continuous Disclosure Policy.

## **3 Conflicts of interest**

3.1 The Company’s Board aspires to a high standard of corporate governance, and applies appropriate procedures to deal with actual or potential conflict situations. The Board has

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approved conflict of interest procedures to be followed by Directors and these are set out in the Company's Conflict of Interest Policy.

**4 Remuneration, expenses and other benefits**

- 4.1 Remuneration of non-executive Directors is in accordance with the Company's Remuneration Policy. Except as outlined in their letters of appointment or the Company's Constitution, non-executive Directors receive no other regular payments or allowances.
- 4.2 Executive Directors receive no remuneration as a Director separate from that agreed under the terms and conditions of their service agreements in accordance with the Company's Remuneration Policy.
- 4.3 Directors may be reimbursed by the Company for out-of-pocket expenses properly incurred by them in relation to official business (eg under appropriate arrangements for travel and other matters), provided that receipts are tendered to the Company. Significant expenditure (above \$10,000) should be approved in advance by the Chairman. Otherwise, this expenditure is to be approved retrospectively by the Chairman. In the absence of the Chairman, approvals under this paragraph are to be sought from the Lead Independent Director or (if there is no Lead Independent Director) the Managing Director.
- 4.4 Directors will not receive benefits of any kind other than remuneration determined by the Company's Nomination, Remuneration and Governance Committee (**NRG Committee**) in accordance with the Company's Remuneration Policy, or payments made in accordance with rule 8.3(g) of the Company's Constitution.
- 4.5 Any equipment made available to Directors must be properly operated and maintained and securely stored. This equipment remains the property of the Company and, on retirement or termination of the Director's appointment, will either be returned to the Company or purchased by the Director on normal commercial terms.
- 4.6 Directors must not receive gratuities or other monetary rewards. They must not receive gifts or entertainment without the prior approval of the Chairman.
- 4.7 Directors must not, in connection with the Company's business:
- (a) offer or provide gratuities or monetary rewards to third parties; or
  - (b) offer or provide gifts or entertainment to third parties without the prior approval of the Chairman.

**5 Information and records**

- 5.1 The Company Secretary is primarily responsible for maintaining the records of Board and committee proceedings and related matters. This responsibility includes maintaining the Company's minute book and arranging appropriate storage and handling of supporting

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documents, tapes and audio recordings of Board proceedings, storage discs and other materials.

5.2 Apart from the Company Secretary, Directors receive a good deal of information in various forms as a result of their Board roles, and must be responsible for careful and secure stewardship of this information, particularly in relation to confidential material. Directors must ensure that appropriate discretion is exercised in regard to confidential information handled via facsimile or other electronic transmission devices, to ensure that this is not inadvertently made available to unauthorised parties, and must always consider the Company's continuous disclosure obligations under the ASX Listing Rules and the Continuous Disclosure Policy.

5.3 The Board has agreed the following protocols:

(a) Directors will cooperate fully with the Company Secretary in regard to the provision of records of Board proceedings and any supporting information in connection with those Board proceedings.

(b) Directors must take practical steps to ensure that any records of Board proceedings or other materials that are provided to those Directors in connection with those Board proceedings will be stored with appropriate security to prevent unauthorised disclosure and breach of the Company's continuous disclosure obligations.

(c) Any records of Board proceedings or materials not required for retention will be returned to the Company Secretary to arrange storage, filing, disposal or shredding (as appropriate). In particular, this obligation must be met on the retirement or termination of appointment of a Director.

(d) Directors acknowledge that confidential information received in the course of their Board duties remains the property of the originating organisation, whether this is the Company or another entity. Directors will not disclose this confidential information unless either the Board (in the case of the Company) or the other originator has given authority for the disclosure, or disclosure is required by law. Matters involving trade secrets, processes, methods, advertising or promotional programs, sales and statistics affecting financial results are particularly sensitive and must not be disclosed.

(e) Directors must exercise discretion in regard to all Board information which is not in the public domain and must always consider the Company's continuous disclosure obligations under the ASX Listing Rules and the Company's Continuous Disclosure Policy.

5.4 Former Directors have rights of access to Board records in connection with their role as Directors after their terms of appointment have concluded, which may be exercised by contacting the Company Secretary as required.

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**6 Trading in securities of the Company**

6.1 Directors must comply with the Key Management Personnel Dealing in Securities Policy.

**7 Guidelines for Board conduct**

7.1 The following guidelines are intended to assist Directors in complying with this Code. They are not meant to be exhaustive and may be revised from time to time by the Board, with the assistance of the NRG Committee, to address issues of importance as they arise.

- (a) Directors should ensure that the functions of the Board:
  - (i) have been specified clearly for the benefit of the Company, the Company's employees, the Company's shareholders and other stakeholders;
  - (ii) are properly understood; and
  - (iii) are competently discharged by the Board in the best interests of the Company.
- (b) Directors should ensure that the management of the Company is competent, is properly following Board strategies and processes and is devoting its best endeavours towards advancing the best interests of the Company.
- (c) In properly discharging their duties to the Company, Directors should take into account the best interests of the Company, but where appropriate and/or required by law may take into account the interests of creditors and other stakeholders.
- (d) Directors should endeavour to ensure that the Company is solvent, properly managed and constantly striving towards operating and financial efficiency, in order to generate shareholder value.
- (e) Directors should seek to act in the best interests of the Company and ensure that shareholders are dealt with in accordance with their rights under the Company's Constitution and the terms of issue of their shares.
- (f) Directors should carefully consider whether any benefit to be received by them or their associates would require the prior approval of shareholders under the Corporations Act (Chapter 2E) or the ASX Listing Rules (in particular, under Chapter 10 – Transactions with persons in a position of influence). Unless it is clear that approval of shareholders is not required (for example, because a permitted exception applies), the Directors must arrange for shareholder approval to be obtained before a Director or associate receives any benefit.

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- (g) A Director who is appointed to a Board at the instigation of a party with a substantial interest in the Company such as a major shareholder or a creditor, should recognise the particular sensitivity of the position. The Director is still bound to comply with the requirements of the Corporations Act and his or her fiduciary duties to the Company (in other words, in any situation of conflict, the Director must not prefer the interests of the nominating major shareholder or creditor). A Director who has been nominated to the Board by an outside party should be especially careful not to disclose confidential matters of the Company to the nominator unless the prior consent of the Board to this disclosure has been obtained (being mindful of the Continuous Disclosure Policy).
- (h) Conflicts or potential conflicts of interest will be dealt with in accordance with the Conflict of Interest Policy. As an overriding requirement, section 195 of the Corporations Act provides that where a Director has a material personal interest in a matter being considered by the Board, he or she must not be present while the matter is being considered by the Board, or vote on the matter.
- (i) Where a Director is obliged, or agrees, to abstain from participation in and voting at a meeting of the Board because of a conflict of interest, the Directors who have no interest in the relevant matter may resolve to allow the conflicted Director to participate in part or all of the discussion and (in an appropriate case) to vote. Where section 195 of the Corporations Act applies, the resolution must comply with section 195(2). As a matter of general practice, the Board will not approve voting by a conflicted Director, but may approve the Director being present for part of the Board's discussion in order to obtain the benefit of the Director's background or experience.
- (j) Where a conflicted Director is allowed to participate in discussion or voting, he or she must take particular care to act in accordance with the duties listed in paragraph 1.3 of this Code.
- (k) Whilst the obligations of a Director are primarily owed to the Company, there are certain circumstances in which it is necessary for a Director to consider or evaluate the interests of creditors. This is particularly so where the Company's financial position is uncertain or where insolvency may be pending. In cases of doubt, a Director should seek urgent professional advice.
- (l) All companies and their directors must comply with the legal framework governing their operations and must be conscious of the impact of their business on society. Without limiting in any way the nature of the issues with which a Director must be concerned in the running of the Company's business, particular attention should be paid to the environment, questions of occupational health and safety, industrial relations, equal opportunities for employees, diversity, the impact of competition and consumer protection laws, and other legislative initiatives that may rise from time to time. Although Directors owe a primary duty to act in the best interests of the Company, the responsibilities imposed on companies and directors under various Federal and State

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legislation clearly demand that the Director must evaluate actions in a broader social context.

- (m) In order to be fully effective, and subject to any Board protocols or the Conflicts of Interest Policy, governing access to Board information, Directors should insist on access to all relevant information on particular matters to be considered by the Board and control the extent to which information is provided to, and received by, Directors. The information should be made available in sufficient time and presented in a form to allow proper consideration of all relevant issues in order that Directors may make a considered decision on whether or not to approve a matter. In extreme circumstances where information is not provided to enable Directors sufficient time to review and make a considered decision or is in a form that does not enable the Directors to consider properly all relevant issues concerning a matter, Directors should make an appropriate protest about the failure on the part of the Company to provide the relevant information in sufficient time or in proper form to allow proper consideration, and this should be recorded by the Company Secretary in the Board minutes. It may also be appropriate to vote against the motion to approve the matter or move for deferment until proper information concerning the matter is available and has been provided to the Board with sufficient time for review and consideration.
- (n) Directors should endeavour to ensure that risk management and reporting systems are established within the Company to provide the Board, on a regular and timely basis, with necessary data to enable them to make a reasoned judgment and so be in a position to properly discharge their statutory duties of care and diligence. An internal audit of systems supporting the Board should be conducted regularly.
- (o) Directors should endeavour to ensure that relations between the Board, the Audit and Financial Risk Committee and the Company's external auditors are open, unimpeded and constructive in accordance with the Audit and Financial Risk Committee Charter and the Company's External Audit Policy. Similarly, the Company's external auditors should have direct and unimpeded access to the Board and the Audit and Financial Risk Committee. Directors should be satisfied that the scope of any internal and external audits is adequate and that those audits are carried out thoroughly and with the full cooperation of management and the Company's staff.
- (p) Directors must ensure the Company complies with the law (including the Corporations Act) and ASX Listing Rules, and constantly strives to meet a high standard of business and ethical conduct in its day to day operations.
- (q) Directors from time to time, at the Company's cost, may require independent expert advice (whether legal, financial or other professional advice) in order to discharge their duties properly and should seek that advice if required. Separate independent advice should always be sought by the Directors on matters that may impact on their

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relationship with the Company. Independent advice may be sought at the Company's cost in accordance with paragraph 16.1 of the Company's Board Charter.

- (r) Directors must not take improper advantage of their position as Director to gain, directly or indirectly, a personal advantage or an advantage for any associated person or which might cause detriment to the Company. A Director must not make improper use of information acquired by virtue of the position of Director.
- (s) Directors should seek to avoid conflicts of interest wherever possible. Full disclosure of any conflict or potential conflict must be made to the Board in accordance with the requirements of the Company's Constitution, the Corporations Act and the Company's Conflict of Interest Policy.
- (t) An executive Director must always be alert to the potential for conflicts of interest between management interests and their fiduciary duties as a Director.
- (u) Dealing in listed securities of the Company may give rise to dangers of breaching the duties of a Director and should be undertaken with care. The Company's listed securities may only be traded by Directors in accordance with the Key Management Personnel Dealing in Securities Policy.
- (v) Directors should be familiar with and mindful of the Continuous Disclosure Policy and ensure that any information which is not publicly available and which would have a material effect on the price or value of the Company's securities is not provided to anyone who may be influenced to subscribe, buy or sell shares.
- (w) Executive Directors should recognise that their role is particularly sensitive. Executive Directors (other than the Managing Director) must be prepared, if necessary, to express disagreement with colleagues including the Managing Director. However, in the absence of a need to express disagreement, Executive Directors should be prepared to implement the decisions of the Board and the instructions of the Managing Director as a loyal member of the Board.
- (x) If there is any doubt about whether a proposed course of action is inconsistent with a Director's fiduciary duties then the course of action should not be supported. Independent advice should be sought as soon as possible to clarify the issue.
- (y) The objective of the Board is to establish an effective working relationship between Directors, based on mutual confidence and respect within an overall framework of commitment to the best interests of the Company. Where possible, decisions of the Board will be made by consensus. Where a vote is required, in accordance with the Constitution the decision will be made by majority of those Directors participating in the meeting and eligible to vote on the matter. Once made, a decision of the Board will establish the Company's position on the relevant matter and this will be the only

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position of the Company communicated publicly. Where a decision is made by majority, the minority Directors will in the normal course refrain from public comment on or criticism of the decision. However:

- In an exceptional case the fact that a decision is made by majority, or the position of individual Directors on an issue, may itself be considered material by investors. In such a case careful consideration should be given to whether these matters should be disclosed when the decision is announced.
  - Directors cannot be deprived of their right to take the actions outlined in paragraph (z), or to take any other course of action (consistent with the law) that they consider appropriate in an exceptional case. However, Directors should consider the benefits to the Company of maintaining an effective working relationship within the Board, and should at all times treat the best interests of the Company as paramount.
- (z) When a Director feels so strongly as to be unable to acquiesce in a decision of the Board, some or all of the following steps should be considered:
- (i) Making the extent of the dissent and its possible consequences clear to the Board as a means of seeking to influence the decision.
  - (ii) Asking for additional legal, accounting or other professional advice.
  - (iii) Asking that the decision be postponed to the next meeting to allow time for further consideration and informal discussion.
  - (iv) Tabling a statement of dissent and asking that it be minuted.
  - (v) Writing to the Chairman, or all members of the Board, and asking that the letter be filed with the minutes.
  - (vi) If necessary, resigning.
- (aa) A Director who takes the serious step of resignation on a point of principle should consider whether the reasons for resignation should be disclosed to shareholders (perhaps through ASX) or the appropriate regulator. In deciding whether or not to make public the reasons for resigning and composing any resignation statement, a Director should have regard to his or her duties under the Corporations Act and the Continuous Disclosure Policy and general law (such as the law of defamation).

## **8 Review**

- 8.1 The NRG Committee is to review this Code annually and make recommendations to the Board on whether changes are required. The Board must consider any recommendation received from the NRG Committee and where appropriate, amend this Policy.