

MHM Metals Limited

ACN 124 212 175

# **Corporate Governance Policies**

# Corporate Governance Policies

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# Corporate Governance Policies

## Schedule 1 Board Charter

- (a) The board of directors (**Board**) of MHM Metal Limited (**MHM** or **Company**) is responsible for, and oversees the governance of, MHM.
- (b) Corporate governance describes the way the Company is directed and controlled. The Company's shareholders appoint directors and hold them accountable for the performance of the company. A key part of directors' responsibility is to ensure that an effective corporate governance structure operates in the Company.
- (c) The governance structure should ensure that reasonable profit and growth targets are set and achieved and risk is properly managed, while taking into account the interests of stakeholders. As well, the Company's corporate governance culture and its way of doing business, including leadership by the Board and senior executives, is critical to the Company's continuing success.
- (d) This board charter sets out the functions of the Board by describing the structure of the Board and its committees, the need for independence and other obligations of directors.
- (e) The Board will meet regularly on such number of occasions each year as the Board deems appropriate.

### 1 The specific responsibilities of the Board

- (a) In addition to matters it is expressly required by law to approve, the Board has the following specific responsibilities:
  - (i) appointment of the Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
  - (ii) driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
  - (iii) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
  - (iv) approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
  - (v) approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
  - (vi) approving the annual, half yearly and quarterly accounts as required;
  - (vii) approving significant changes to the organisational structure;
  - (viii) approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with the ASX Listing Rules if applicable);
  - (ix) ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
  - (x) recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable); and

- (xi) meeting with the external auditor, at their request, without management being present.
- (b) With the guidance of the Board's Nomination and Remuneration Committee, the Board is responsible for:
- (i) evaluating and approving the remuneration packages of the Chief Executive Officer, directors and other members of Senior Management;
  - (ii) monitoring compliance with the non-executive director remuneration pool as established by the Constitution, or as subsequently amended by shareholders, and recommending any changes to the pool;
  - (iii) administering short and long term incentive plans (including any equity plans) and engaging external remuneration consultants;
  - (iv) appointing, evaluating or removing the Chief Executive Officer, and approving appointments or removal of all other members of Senior Management and directors;
  - (v) regularly assessing the independence of all directors;
  - (vi) reviewing and implementing succession planning for directors and Senior Management; and
  - (vii) monitoring the organisational capability and mix of skills, experience, expertise and diversity on the Board and, when necessary, appointing new directors, for approval by shareholders.
- (c) With the guidance of the Audit and Risk Management Committee, the Board is responsible for:
- (i) overseeing the establishment of and approving the Company's risk management strategy policies, procedures and systems;
  - (ii) reviewing and monitoring the effectiveness of the Company's risk management strategy, policies, procedures and systems;
  - (iii) preparing and presenting the Company's financial statements and reports;
  - (iv) overseeing the Company's financial reporting, which, without limitation, includes:
    - (A) reviewing the suitability of the Company's accounting policies and principles, how they are applied and ensuring they are used in accordance with the statutory financial reporting framework;
    - (B) assessing significant estimates and judgements in financial reports;
    - (C) assessing information from external auditors to ensure the quality of financial reports; and
    - (D) recommending to the Board whether the financial and associated non-financial statements should be signed based on the Audit and Risk Management Committee's assessment of them;
  - (v) the entry into, approval or disclosure of related party transactions (if any);
  - (vi) overseeing the Company's financial controls and systems;
  - (vii) managing audit arrangements and auditor independence.

- (viii) The functions listed are matters which the Board specifically reserves for itself and does not limit the Board's overall duties and responsibilities. The Board may delegate consideration to a committee of the Board specifically constituted for the relevant purpose.

## 2 Composition of the Board

- (a) The composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.
- (b) In appointing new members to the Board, consideration is given to the ability of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company.
- (c) Where practical, the majority of the Board is comprised of non-executive Directors.
- (d) Where practical, at least 50% of the Board will be independent. To be judged independent, a director must, in the opinion of the Board, be free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. Independent Directors should meet the definition of what constitutes independence as set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations as set out in Annexure A.
- (e) Directors must disclose their interests. The independence of the Directors should be regularly assessed by the Board in light of the interests disclosed by them.
- (f) Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interest.
- (g) Directors must declare immediately to the Board, and the Board will determine whether to declare to the market, any loss of independence.
- (h) No member of the Board (except for the Managing Director) may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders.
- (i) With guidance from the Nomination and Remuneration Committee and, where necessary, external consultants, the Board will identify candidates with appropriate skills, experience, expertise and diversity in order to discharge its mandate effectively and to maintain the necessary mix of expertise on the Board.
- (j) The Nomination and Remuneration Committee assesses nominations of new directors against a range of criteria including the candidate's background, experience, gender, professional skills, personal qualities and whether their skills and experience will complement the existing Board.
- (k) The criteria to assess nominations of new directors is reviewed annually and the Nomination and Remuneration Committee regularly compares the skill base of existing directors with that required for the future strategy of Company to enable identification of attributes required in new directors.
- (l) Before appointment to the Board, candidates must confirm that they will have sufficient time to meet their obligations to Company, in light of other commitments.

- (m) New directors are to be provided with a formal letter of appointment to the Board setting out the key terms and conditions of the appointment, together with any other documents that the Company considers relevant to the appointment
- (n) Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by the other members of the Board, or Nomination and Remuneration Committee if applicable, to ensure that they continue to contribute effectively to the Board.
- (o) The Board should comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.
- (p) Each Director will have a written agreement setting out the terms of their appointment.

### **3 The role of the Chairman**

- (a) Where practical, the Chairman should be a non-executive Director. If a Chairman ceases to be an independent Director then the Board will consider appointing a lead independent Director.
- (b) Where practical, the Managing Director should not be the Chairman of the Company during his term as Managing Director or in the future.
- (c) The Chairman must be able to commit the time to discharge the role effectively.
- (d) 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.
- (e) The Chairman should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board members and management.
- (f) In the event that the Chairman is absent from a meeting of the Board then the Board shall appoint a Chairman for that meeting.

## **4 Board Meetings**

- (a) There must be two Directors present at a meeting to constitute a quorum unless the Company's constitution provides otherwise.
- (b) The Board will schedule formal Board meetings at least quarterly and hold additional meetings, including by telephone, as may be required.
- (c) Non-executive Directors may confer at scheduled times without management being present.
- (d) The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chairman and circulated to Directors after each meeting.
- (e) The Company Secretary shall distribute supporting papers for each meeting of the Board as far in advance as practicable.
- (f) Minutes of meetings must be approved at the next Board meeting.
- (g) Further details regarding board meetings are set out in the Company's Constitution.

## **5 The Company Secretary**

- (a) 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.
- (b) The Company Secretary is to facilitate the induction of new Directors.
- (c) The Company Secretary is to facilitate the implementation of Board policies and procedures.
- (d) The Company Secretary is to provide advice to the Board on corporate governance matters, the application of the Company's Constitution, the ASX Listing Rules and applicable other laws.
- (e) All Directors have access to the advice and services provided by the Company Secretary.
- (f) The Board has the responsibility for the appointment and removal of the Company Secretary.
- (g) The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

## **6 Access to advice**

- (a) All Directors have unrestricted access to company records and information except where the Board determines that such access would be adverse to the Company's interests.
- (b) All Directors may consult management and employees as required to enable them to discharge their duties as Directors.
- (c) The Board, Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

## **7 The Board's relationship with management**

- (a) The Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Managing Director and/or the Chief Executive Officer (as applicable) within levels of authority specified by the Board from time to time. The Chief Executive Officer/Managing Director may delegate aspects of his or her authority and power but remains accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress being made by the Company's business units.
- (b) The Chief Executive Officer/Managing Director's role includes:
  - (i) responsibility for the effective leadership of the management team;
  - (ii) the development of strategic objectives for the business; and
  - (iii) the day-to-day management of the Company's operations.
- (c) 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.

## **8 Performance review**

The Nomination Committee shall conduct an annual performance review of the Board that:

- (a) compares the performance of the Board with the requirements of its Charter;
- (b) critically reviews the mix of the Board;
- (c) the contribution made by each director at meetings and in carrying out their responsibilities as directors generally, including preparing for meetings;
- (d) whether adequate time is being allocated to the Company's matters, taking into account each director's other commitments; and
- (e) the independence of each non-executive director, taking into account the director's other interests, relationships and directorships; and
- (f) suggests any amendments to the Charter as are deemed necessary or appropriate.

If a Nomination and Remuneration Committee has not yet been appointed, the Board will review its performance annually, particularly its composition to ensure an appropriate mix of expertise and experience.

## **9 Disclosure policy**

The Board should ensure that the Company has in place effective disclosure policies and procedures so that shareholders and the financial market are fully informed to the extent required by the applicable disclosure rules and legislation on matters that may influence the share price of the Company or its listed debt securities.

## **10 Code of Conduct**

The Company has a Code of Conduct which sets out the way the Company conducts businesses and guides the behaviour of everyone in the Company (including, employees, contractors and directors) by clearly stating the Company's firm commitment to behaving honestly and fairly.

# Corporate Governance Policies

## Schedule 2 Corporate Code of Conduct

### 1 Purpose

The purpose of this Corporate Code of Conduct is to provide a framework for decisions and actions in relation to ethical conduct. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The document sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from employees as well as all members of the Board.

### 2 Accountabilities

#### 2.1 Managers and Supervisors

Managers and supervisors are responsible and accountable for:

- (a) undertaking their duties and behaving in a manner that is consistent with the provisions of the Code of Conduct;
- (b) the effective implementation, promotion and support of the Code of Conduct in their areas of responsibility; and
- (c) ensuring employees under their control understand and follow the provisions outlined in the Code of Conduct.

#### 2.2 Employees

All employees are responsible for:

- (a) undertaking their duties in a manner that is consistent with the provisions of the Code of Conduct;
- (b) reporting suspected corrupt conduct; and
- (c) reporting any departure from the Code of Conduct by themselves or others.

### 3 Personal and professional behaviour

When carrying out your duties, you should:

- (a) behave honestly and with integrity and report other employees who are behaving dishonestly;
- (b) carry out your work with integrity and to a high standard and in particular, commit to the Company's policy of quality work;
- (c) operate within the law at all times;
- (d) follow the policies of the Company; and
- (e) act in an appropriate business-like manner when representing the Company in public forums.

### 4 Conflict of interest

Potential for conflict of interest arises when it is likely that you could be influenced, or it could be perceived that you are influenced by a personal interest when carrying out your

duties. Conflicts of interest that lead to biased decision making may constitute corrupt conduct.

- (a) Some situations that may give rise to a conflict of interest include situations where you have:
  - (i) financial interests in a matter the Company deals with or you are aware that your friends or relatives have a financial interest in the matter;
  - (ii) directorships/management of outside organisations;
  - (iii) membership of boards of outside organisations;
  - (iv) personal relationships with people the Company is dealing with which go beyond the level of a professional working relationship;
  - (v) secondary employment, business, commercial, or other activities outside of the workplace which impacts on your duty and obligations to the Company;
  - (vi) access to information that can be used for personal gain; and
  - (vii) offer of an inducement.
- (b) You may often be the only person aware of the potential for conflict. It is your responsibility to avoid any conflict from arising that could compromise your ability to perform your duties impartially. You must report any potential or actual conflicts of interest to your manager.
- (c) If you are uncertain whether a conflict exists, you should discuss that matter with your manager and attempt to resolve any conflicts that may exist.
- (d) You must not submit or accept any bribe, or other improper inducement. Any such inducements are to be reported to your manager.

## **5 Public and media comment**

- (a) Individuals have a right to give their opinions on political and social issues in their private capacity as members of the community.
- (b) Employees must not make official comment on matters relating to the Company unless they are:
  - (i) authorised to do so by the Managing Director or Chairman; or
  - (ii) giving evidence in court; orotherwise authorised or required to by law.
- (c) Employees must not release unpublished or privileged information unless they have the authority to do so from the Managing Director or Chairman.
- (d) The above restrictions apply except where prohibited by law, for example in relation to "whistleblowing".

## **6 Use of Company resources**

Requests to use Company resources outside core business time should be referred to management for approval.

If employees are authorised to use Company resources outside core business times they must take responsibility for maintaining, replacing, and safeguarding the property and following any special directions or conditions that apply.

Employees using Company resources without obtaining prior approval could face disciplinary and/or criminal action. Company resources are not to be used for any private commercial purposes.

## **7 Security of information**

Employees are to make sure that confidential and sensitive information cannot be accessed by unauthorised persons. Sensitive material should be securely stored overnight or when unattended. Employees must ensure that confidential information is only disclosed or discussed with people who are authorised to have access to it. It is considered a serious act of misconduct to deliberately release confidential documents or information to unauthorised persons, and may incur disciplinary action.

## **8 Intellectual property/copyright**

Intellectual property includes the rights relating to scientific discoveries, industrial designs, trademarks, service marks, commercial names and designations, and inventions and is valuable to the Company.

The Company is the owner of intellectual property created by employees in the course of their employment unless a specific prior agreement has been made. Employees must obtain written permission to use any such intellectual property from the Managing Director or Company Secretary before making any use of that property for purposes other than as required in their role as employee.

## **9 Discrimination and harassment**

Employees must not harass, discriminate, or support others who harass and discriminate against colleagues or members of the public on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), physical or intellectual impairment, homosexuality or transgender.

Such harassment or discrimination may constitute an offence under legislation. Managers should understand and apply the principles of Equal Employment Opportunity.

## **10 Corrupt conduct**

Corrupt conduct involves the dishonest or partial use of power or position which results in one person/group being advantaged over another. Corruption can take many forms including, but not limited to:

- (a) official misconduct;
- (b) bribery and blackmail;
- (c) unauthorised use of confidential information;
- (d) fraud; and
- (e) theft.

Corrupt conduct will not be tolerated by the Company. Disciplinary action up to and including dismissal will be taken in the event of any employee participating in corrupt conduct.

## **11 Occupational health and safety**

It is the responsibility of all employees to act in accordance with occupational health and safety legislation, regulations and policies applicable to their respective organisations and to use security and safety equipment provided.

Specifically all employees are responsible for safety in their work area by:

- (a) following the safety and security directives of management;
- (b) advising management of areas where there is potential problem in safety and reporting suspicious occurrences; and
- (c) minimising risks in the workplace.

## **12 Legislation**

It is essential that all employees comply with the laws and regulations of the countries in which we operate. Violations of such laws may have serious consequences for the Company and any individuals concerned. Any known violation must be reported immediately to management.

## **13 Fair dealing**

The Company aims to succeed through fair and honest competition and not through unethical or illegal business practices. Each employee should endeavour to deal fairly with the Company's suppliers, customers and other employees.

## **14 Insider trading**

All employees must observe the Company's "Trading Policy". In conjunction with the legal prohibition on dealing in the Company's securities when in possession of unpublished price sensitive information, the Company has established specific time periods when Directors, management and employees are permitted to buy and sell the Company's securities.

## **15 Responsibilities to investors**

The Company strives for full, fair and accurate disclosure of financial and other information on a timely basis.

## **16 Breaches of the code of conduct**

Employees should note that breaches of certain sections of this Code of Conduct may be punishable under legislation.

Breaches of this Code of Conduct may lead to disciplinary action. The process for disciplinary action is outlined in Company policies and guidelines, relevant industrial awards and agreements.

## **17 Reporting matters of concern**

Employees are encouraged to raise any matters of concern in good faith with the head of their business unit or with the Managing Director, Chairman or Company Secretary, without fear of retribution.

# Schedule 3 Audit and risk committee charter

Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish the Audit and Risk Committee, until that time, the board has taken a view that the full Board will hold special meetings or sessions as required.

## 1 Role

- (a) The Audit and Risk Management Committee (**Committee**) assists the board (**Board**) of MHM Metals Limited (**Company**) in fulfilling its responsibilities for corporate governance and oversight of the Company's financial reporting, internal control structure, risk management systems and internal and external audit functions. In doing so, the Committee has the responsibility to maintain free and open communication with the external auditor and the Company's management.
- (b) The Committee is empowered to investigate any matter, with full access to all books, records, company operations, and people of the Company and the authority to engage independent accounting, legal, compliance, risk management or other professional advisers as it determines necessary to carry out its duties.
- (c) The Committee is a committee of the Board established in accordance with the Company's constitution (**Constitution**) and authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this Charter and granted to it under any separate resolutions of the Board from time to time.

## 2 Composition

- (a) The Committee should to the extent practicable given the size and composition of the Board from time to time:
  - (i) comprise at least three members;
  - (ii) be non-executive Directors; and
  - (iii) a majority of the members of the Committee must be independent non-executive Directors in accordance with the criteria set out in Annexure A.
- (b) The Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution.
- (c) All members of the Committee must be able to read and understand financial statements.
- (d) The Chairman of the Committee should not be the Chairman of the Board of Directors and must be independent (if possible).
- (e) The Chairman shall have leadership experience and a strong finance, accounting or business background.
- (f) The external auditors, the other Directors, the Managing Director, Chief Financial Officer, Company Secretary and senior executives, may be invited to Committee meetings at the discretion of the Committee.

## 3 Purpose

The primary purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- (a) the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;
- (b) compliance with all applicable laws, regulations and company policy;
- (c) the effectiveness and adequacy of internal control processes;
- (d) the performance of the Company's external auditors and their appointment and removal;
- (e) the independence of the external auditor and the rotation of the lead engagement partner; and
- (f) the identification and management of business risks.

A secondary function of the Committee is to perform such special reviews or investigations as the Board may consider necessary.

## **4 Duties and responsibilities of the committee**

### **4.1 Review of Financial Reports**

- (a) Review the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Company's financial reporting.
- (b) Oversee the financial reports and the results of the external audits of those reports.
- (c) Assess whether external reporting is adequate for shareholder needs.
- (d) Assess management processes supporting external reporting.
- (e) Establish procedures for treatment of accounting complaints.
- (f) Review the impact of any proposed changes in accounting policies on the financial statements.
- (g) Review the half yearly and annual results after review with management and the external auditor, recommend to the Board the half year and full year financial statements, the preliminary financial reports to be lodged with ASX and all related financial reports and statements.
- (h) Ensure that appropriate processes are in place to form the basis upon which the Chief Executive Officer and Chief Financial Officer execute their certifications under section 295A of the Corporations Act 2001 (Cth) (**Corporations Act**) to the Board at financial year end in relation to the systems of internal controls, and that that system is operating effectively in all material respects in relation to financial reporting risks

### **4.2 Relationship with External Auditors**

- (a) Recommend to the Board procedures for the selection and appointment of external auditors and for the rotation of external auditor partners.
- (b) Review performance, succession plans and rotation of lead engagement partner.
- (c) Approve the external audit plan and fees proposed for audit work to be performed.
- (d) Discuss any necessary recommendations to the Board for the approval of half yearly or annual reports.
- (e) Review the adequacy of accounting and financial controls together with the

implementation of any recommendations of the external auditor in relation thereto.

- (f) Meet with the external auditors at least twice in each financial period without management being present and at any other time the Committee considers appropriate.
- (g) Provide pre-approval of audit and non-audit services that are to be undertaken by the external auditor.
- (h) Ensure adequate disclosure as may be required by law of the Committee's approval of all non-audit services provided by the external auditor.
- (i) Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company.
- (j) Receive from the external auditor their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with the Corporations Act.

#### **4.3 Internal Audit Function**

- (a) Monitor the need for a formal internal audit function and its scope.
- (b) Assess the performance and objectivity of any internal audit procedures that may be in place.
- (c) Review risk management and internal compliance procedures.
- (d) Monitor the quality of the accounting function.
- (e) Review the Internal Control Reports, if any, on a quarterly basis.

#### **4.4 Risk Management**

- (a) The Committee will oversee the effectiveness of the Company's financial controls and systems, oversee the risk management function (as detailed below) and evaluate the structure and adequacy of the group's insurance coverage periodically.
- (b) The Committee will review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.
- (c) The risks faced by the Company may include regulatory and compliance risk, investment risk, legal risk, economic risk, environmental risk, social sustainability risk, occupational health and safety risk, financial risk, reputation risk, operational and execution risk and strategic risk.
- (d) Responsibility for risk management is shared across the organisation. Key responsibilities include:
  - (i) the Board is responsible for overseeing the establishment of and approving the risk management strategy, policies, procedures and systems of the Company;
  - (ii) the Company management is responsible for establishing the Company's risk management framework, including identifying major or potentially major risk areas and developing the Company's policies and procedures, which are designed effectively to identify, treat, monitor, report and manage key business risks;
  - (iii) the Board has delegated to the Committee responsibility for:

- (A) identifying major or potentially major risk areas;
  - (B) reviewing and monitoring the Company's risk management framework to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. In addition, the Committee should undertake a review of the Company's risk management framework with management (at least once annually) to satisfy itself that the Company's risk management framework continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain with the risk appetite set by the Board;
  - (C) considering the Company's approach to occupational health and safety, economic, environmental and social sustainability risks, including the benchmarks the Company uses to measure performance on issues of sustainability and their achievements against those benchmarks;
  - (D) ensuring that risk considerations are incorporated into strategic and business planning;
  - (E) providing risk management updates to the Board and any supplementary information required to provide the Board with confidence that key risks are being appropriately managed;
  - (F) reviewing reports from management concerning compliance with key laws, regulations, licences and standards which the Company is required to satisfy to operate;
  - (G) overseeing tax compliance and tax risk management; and
  - (H) reviewing any significant findings of any examinations by regulatory agencies.
- (iv) The Chief Executive Officer and Chief Financial Officer are to provide to the Board declarations in accordance with section 295A of the Corporations Act.
  - (v) Each employee and contractor is expected to understand and manage the risks within their responsibility and boundaries of authority when making decisions and undertaking day to day activities

#### **4.5 Other**

- (a) The Committee will oversee the Company's environmental risk management and occupational health and safety processes.
- (b) The Committee will oversee procedures for whistleblower protection.
- (c) As contemplated by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, and to the extent that such deviation or waiver does not result in any breach of the law, the Committee may approve any deviation or waiver from the "Corporate code of conduct". Any such waiver or deviation will be promptly disclosed where required by applicable law.
- (d) Monitor related party transactions.

## **5 Meetings**

- (a) The Committee will meet at least each financial half year and additionally as

circumstances may require for it to undertake its role effectively.

- (b) Meetings are called by the Secretary as directed by the Board or at the request of the Chairman of the Committee.
- (c) Where deemed appropriate by the Chairman of the Committee, meetings and subsequent approvals and recommendations can be implemented by a circular written resolution or conference call.
- (d) A quorum shall consist of two members of the Committee. In the absence of the Chairman of the Committee or their nominees, the members shall elect one of their members as Chairman of that meeting.
- (e) Decisions will be based on a majority of votes with the Chairman having a casting vote.
- (f) The Committee Chairman, through the Secretary, will prepare a report of the actions of the Committee to be included in the Board papers for the next Board meeting.
- (g) Minutes of each meeting are included in the papers for the next full Board meeting after each Committee meeting.

## **6 Secretary**

- (a) The Company Secretary or their nominee shall be the Secretary of the Committee and shall attend meetings of the Committee as required.
- (b) The Secretary will be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and to the other members of the Board.
- (c) The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

## **7 Reliance on information or professional or expert advice**

Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- (a) an employee of the Company whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
- (c) another Director or officer of the Company in relation to matters within the Director's or officer's authority.

## **8 Access to advice**

- (a) Members of the Committee have rights of access to management and to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.
- (b) Members of the Committee may meet with the auditors, both internal and external, without management being present.
- (c) Members of the Committee may consult independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities,

subject to prior consultation with the Chairman. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

## **9 Review of charter**

- (a) The Board will conduct an annual review of the membership to ensure that the Committee has carried out its functions in an effective manner, and will update the Charter as required or as a result of new laws or regulations.
- (b) The Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted to the Company's website.

## **10 Report to the Board**

- (a) The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee's role and responsibilities.
- (b) The Committee must brief the Board promptly on all urgent and significant matters.

# Corporate Governance Policies

## Schedule 4 Nomination and Remuneration Committee Charter

Once the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board will establish the Nomination and Remuneration Committee, until that time, the board has taken a view that the full Board will hold special meetings or sessions as required, the Board are confident that this process is stringent and full details of remuneration is provided to shareholders in the annual report.

### 1 General scope and authority

- (a) The Nomination and Remuneration Committee (**Committee**) assists the board (**Board**) of the MHM Metals Limited (the **Company**) in fulfilling its responsibilities for corporate governance and oversight of the Company's nomination and remuneration policies and practices which enable it to attract and retain senior management of the Company group (comprising the Chief Executive Officer and such other individuals as the Committee determines from time to time (**Senior Management**)) and appropriately align their interests with those of key stakeholders
- (b) The Nomination and Remuneration Committee is a Committee of the Board. The Charter may be subject to review by the Board at any time.
- (c) The Committee's key responsibilities and functions are to assist the Board in discharging its responsibilities in relation to the Company's:
  - (i) remuneration policies, including:
    - (A) evaluating and approving the remuneration packages (including fixed remuneration, short term and long term incentives and any other benefits or arrangements) of the Chief Executive Officer, executive directors and other members of Senior Management;
    - (B) evaluating and approving the remuneration arrangements for non-executive directors;
    - (C) monitoring compliance with the non-executive director remuneration pool as established by the Constitution, or as subsequently amended by shareholders, and recommending any changes to the pool; and
    - (D) engagement of external remuneration consultants;
  - (ii) short and long term incentive plans, including:
    - (A) plan terms and conditions;
    - (B) performance hurdles, if any;
    - (C) invitations to participation in offers and the terms of participation;
    - (D) achievement of performance criteria (if any) and the final level of any payments, grants or allocations; and
    - (E) the ability to claw back performance-based remuneration from non-executive directors, executive directors and Senior Management where appropriate;
  - (iii) equity plans, including:

- (A) amendments to the terms of existing plans within the parameters of those plans;
  - (B) administration and operation of plans, including but not limited to determining disputes and resolving questions of fact or interpretation concerning the various plans; and
  - (C) the ability to claw back performance-based remuneration from non-executive directors, executive directors and Senior Management where appropriate;
- (iv) Board composition and performance, including:
- (A) the appropriate size, composition and diversity of the Board;
  - (B) the appropriate criteria (necessary and desirable skills and experience) for appointment of directors;
  - (C) recommendations for the appointment, composition, re-election and removal of directors;
  - (D) the terms and conditions of appointment to and retirement from the Board;
  - (E) ensuring that an effective induction process is in place for newly appointed directors and review of those induction procedures;
  - (F) ensuring that continuing directors are provided with appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as a director effectively;
  - (G) the evaluation of the Board's performance; of the Board, its committees and directors;
  - (H) the time non-executive directors are expected to devote to the Company's affairs and whether directors are meeting that requirement; and
  - (I) review of Board succession plans;
- (v) succession of the Chief Executive Officer and his/her direct reports, including:
- (A) guidelines for management development; and
  - (B) review of the Chief Executive Officer and other members of Senior Management succession and development plans.
- (d) The Committee shall have the right to seek any information it considers necessary to fulfil its duties, which includes the right to obtain appropriate external advice at the Company's expense.

## **2 Composition**

- (a) The Committee should to the extent practicable given the size and composition of the Board from time to time comprise at least three Directors, the majority being independent non-executive Directors where possible.
- (b) The Committee will be chaired by an independent Director, where possible, who will be appointed by the Board.

- (c) The Board may appoint such additional non-executive Directors to the Committee or remove and replace members of the Committee by resolution.
- (d) A quorum will comprise any two independent non-executive Director Committee members. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their number as Chairman for that meeting.

### **3 Secretary**

- (a) The Company Secretary or their nominee shall be the Secretary of the Committee, and shall attend meetings of the Committee as required.
- (b) The Secretary will be responsible for keeping the minutes of meeting of the Committee and circulating them to Committee members and to the other members of the Board.
- (c) The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

### **4 Meetings**

- (a) The Committee will meet at least once per year and additionally as circumstances may require.
- (b) Meetings are called by the Secretary as directed by the Board or at the request of the Chairman of the Committee.
- (c) A quorum shall comprise any two members of the Committee. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their members as Chairman.
- (d) Where deemed appropriate by the Chairman of the Committee, meetings and subsequent approvals may be held or concluded by way of a circular written resolution or a conference call.
- (e) Decisions will be based on a majority of votes with the Chairman having the casting vote.
- (f) The Committee may invite any executive management team members or other individuals, including external third parties, to attend meetings of the Committee, as they consider appropriate.

### **5 Access**

- (a) Members of the Committee have rights of access to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.
- (b) The Committee may consult independent experts to assist it in carrying out its duties and responsibilities. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

### **6 Remuneration**

In order to fulfil its responsibilities to the Board the Committee shall:

- (a) Executive Remuneration Policy:

- (i) Review and approve the Company's recruitment, retention and termination policies and procedures for senior executives to enable the Company to attract and retain executives and Directors who can create value for shareholders.
- (ii) Review the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs.

Ensure that remuneration policies fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and prevailing remuneration expectations in the market.

(b) Executive Directors and Senior Management:

- (i) Consider and make recommendations to the Board on the remuneration for each executive Director (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy.
- (ii) Review and approve the proposed remuneration (including incentive awards, equity awards and service contracts) for the direct reports of the Managing Director. As part of this review the Committee will oversee an annual performance evaluation of the executive team. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, if any, whether strategic objectives are being achieved and the development of management and personnel.

(c) Executive Incentive Plan:

- (i) Review and approve the design of any executive incentive plans.

(d) Equity Based Plans:

- (i) Review and approve any equity based plans that may be introduced (Plans) in the light of legislative, regulatory and market developments.
- (ii) For each Plan, determine each year whether awards will be made under that Plan.
- (iii) Review and approve total proposed awards under each Plan.
- (iv) In addition to considering awards to executive Directors and direct reports to the Managing Director, review and approve proposed awards under each plan on an individual basis for executives as required under the rules governing each plan or as determined by the Committee.
- (v) Review, approve and keep under review performance hurdles for each equity based plan.

(e) Other:

The Committee shall perform other duties and activities that it or the Board considers appropriate.

(f) The Committee must approve the following prior to implementation:

- (i) changes to the remuneration or contract terms of executive Directors and direct reports to the Managing Director;
- (ii) the Plans or amendments to current equity plans or executive cash-based incentive plans;

- (iii) total level of awards proposed from equity plans or executive cash-based incentive plans; and
- (iv) termination payments to executive Directors or direct reports to the Managing Director. Termination payments to other departing executives should be reported to the Committee at its next meeting.

## 7 Selection and appointment process

In searching for and selecting new directors for the Board, the Committee may adopt certain criteria to make recommendations to the Board, including the candidate's background, experience, professional skills, personal qualities, gender, capability of the candidate to devote the necessary time and commitment to the role, potential conflicts of interest and independence and whether their skills and experience will complement the existing Board.

With respect to the selection of candidates for the Board:

- (a) the Committee will consider developing a board skills matrix to identify any 'gaps' in the skills and experience of the directors on the Board, and if thought appropriate, will implement such a matrix;
- (b) the Committee will take into consideration the Company's Diversity Policy in selecting new directors for the Board.
- (c) the Committee will obtain assistance from professional intermediaries to identify and assess the suitability of Board candidates;
- (d) the Committee will undertake appropriate checks in respect of each candidate;
- (e) the names of candidates submitted for election or re-election as directors at a shareholder meeting should be accompanied in the notice of meeting by the following information to enable shareholders to make an informed decision on their election:
  - (i) biographical details, including skills, experience, competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate;
  - (ii) a statement by the Board as to whether it supports the nomination of the proposed candidate(s);
  - (iii) details of relationships between:
    - (A) the candidate and the Company; and
    - (B) the candidate and directors of the Company;
  - (iv) directorships held;
  - (v) particulars of other positions which involve significant time commitments;
  - (vi) if the candidate has been submitted to be elected as a non-executive director, any interests, positions, associations or relationships which may bear on the candidate's independence;
  - (vii) the term of office currently served by any directors subject to re-election; and
  - (viii) any other particulars required by law.

## **8 Claw back policy**

- (a) If the Company becomes aware of a material misstatement in its financial statements for any of its immediately preceding three financial years or some other event has occurred which, as a result, a non-executive director, executive director or Senior Management should not have received some or all its performance-based remuneration (the Overpayment), the Board may claw back that Overpayment in accordance with the terms of the applicable incentive or equity plan. Such claw back may involve:
  - (i) requiring the non-executive director, executive director or Senior Manager to pay back the Overpayment; or
  - (ii) adjusting the current year incentives or fixed remuneration of that non-executive director, executive director or Senior Manager to take account of the Overpayment.
- (b) The Committee will review this claw back policy at least annually, and make recommendations to the Board as to any changes it considers should be made.

## **9 Committee Performance**

- (a) The Board will, at least once in each year, review the membership and Charter of the Committee to determine their respective adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.
- (b) The Committee shall make an evaluation of its performance at least once every two years to determine whether it is functioning effectively by reference to current best practice.

# Corporate Governance Policies

## Schedule 5 Disclosure – Continuous disclosure

The Company must comply with continuous disclosure requirements arising from legislation and the ASX Listing Rules.

The general rule, in accordance with ASX Listing Rule 3.1, is that once the Company becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price of value of the Company's securities, the Company must immediately disclose that information to the ASX.

The Company has in place a written policy on information disclosure and relevant procedures.

The focus of these procedures is on continuous disclosure compliance and improving access to information for investors.

The Company Secretary is responsible for:

- (a) overseeing and co-ordinating disclosure of information to the relevant stock exchanges and shareholders; and
- (b) providing guidance to Directors and employees on disclosure requirements and procedures. Price sensitive information is publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants is also managed through disclosure to the ASX.

Information is posted on the Company's website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

# Corporate Governance Policies

## Schedule 6 Disclosure – Risk Management

### **1 Disclosure – Risk Management review procedure and internal compliance and control**

The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

The Board has delegated to the Audit and Risk Committee responsibility for implementing the risk management system.

The Audit and Risk Committee will submit particular matters to the Board for its approval or review. Among other things it will:

- (a) oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements;
- (b) assist management to determine the key risks to the businesses and prioritise work to manage those risks; and
- (c) review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

The Company's process of risk management and internal compliance and control includes:

- (a) identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- (b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- (c) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practises are in place that are directed toward achieving the following objectives:

- (a) compliance with applicable laws and regulations:
  - (i) preparation of reliable published financial information; and
  - (ii) implementation of risk transfer strategies where appropriate, eg, insurance.
- (b) The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back quarterly to the Audit and Risk Committee.
- (c) The Board will review assessments of the effectiveness of risk management and internal compliance and control on an annual basis.

# Schedule 7 Securities Trading Policy

## 1 Introduction

This Securities Trading Policy regulates Trading by Directors and employees of MHM Metals Limited (the "**Company**") and the MHM Metals Group in Company Securities or Securities of other companies.

Directors and all employees must comply with the insider trading prohibitions of the Corporations Act. Any person who possesses inside information in relation to a company must not Trade in Securities of that company, regardless of the terms of this Policy or any written clearance given under this Policy in respect of Company Securities.

In addition to setting out general principles in relation to Trading in Securities applicable to all Directors and employees of the Company and the MHM Metals Group, this Policy recognises that there are specific periods when Directors and Restricted Employees should not Trade in Company Securities. This Policy also sets out procedures which apply to Trading in Company Securities by Directors and Restricted Employees.

The purpose of this Policy is to assist Directors and Restricted Employees to comply with their obligations under the insider trading prohibitions of the Corporations Act and to protect the reputation of the Company, its Directors and employees.

Capitalised terms used in this Policy are defined in the Schedule.

All Directors and employees, particularly Restricted Employees, should read this Policy carefully and familiarise themselves with the requirements and procedures detailed in it.

If you have any questions about the Policy please contact the Company Secretary.

## 2 What types of transactions are covered by this policy?

This policy applies to both the sale and purchase of any securities of the Company and its subsidiaries on issue from time to time.

## 3 What is insider trading?

### 3.1 Prohibition

Under the Corporations Act, if a person possesses "inside information" in relation to Securities of the Company or any other company, the person must not:

- (a) Deal in those Securities; or
- (b) Procure another person to Deal in those Securities; or
- (c) directly or indirectly communicate the information, or cause the information to be communicated, to another person if the person knows, or ought reasonably to know, that the other person would, or would be likely to, Deal in those Securities in any way or Procure a third person to Deal in those Securities.

Importantly, given the broad definition of "Procure", a person who Deals in Securities through a trust or company while in possession of inside information may contravene the insider trading prohibitions and this Policy.

### 3.2 When a person possesses inside information

A person possesses inside information in relation to Securities of the Company or another company where:

- (a) the person possesses information that is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the Securities; and
- (b) the person knows, or ought reasonably to know, that the information is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Securities.

Directors and employees must assume that information is generally available only if it has been announced to ASX.

A reasonable person would be taken to expect information to have a material effect on the price or value of Securities if the information would, or would be likely to, influence persons who commonly acquire Securities in deciding whether or not to acquire or dispose of the Securities.

### **3.3 A person does not need to be an "insider"**

A person can possess inside information in respect of a company, even if they are not associated in any way with that company. It is irrelevant how the inside information was obtained.

### **3.4 Penalties**

A person who Trades in Securities while they possess inside information or communicates that information in the circumstances described in paragraph 3.1 above may be liable for both significant civil and criminal penalties.

In addition, a breach of this Policy may lead to disciplinary action by the Company, including termination of employment with the Company.

### **3.5 Examples**

The following items are examples of information which may be inside information in relation to the Company:

- (a) a change in financial forecasts or expectations;
- (b) a proposed dividend;
- (c) changes in the Board of Directors or senior executives;
- (d) pending ASX announcements;
- (e) proposed changes in capital structure, including issues of securities, rights issues, the redemption of securities and capital reconstructions;
- (f) giving or receiving a notice of intention to make a takeover offer;
- (g) debt facilities and borrowings;
- (h) mergers, demergers, acquisitions and divestments;
- (i) significant changes in operations, strategy or proposed changes in the general character or nature of the business of the Company or its subsidiaries;
- (j) liquidity and cash flow information;
- (k) major or material purchases or sales of assets;
- (l) significant new contracts;

- (m) licence or partnership agreements;
- (n) registration of, or changes in, intellectual property rights;
- (o) an entity proposing to buy, or a securityholder proposing to sell, a substantial number of Company Securities;
- (p) industry issues that may have a material impact on the Company;
- (q) significant litigation involving the Company;
- (r) allegations of any breach of the law or other regulatory requirements by the Company; and
- (s) decisions on significant issues affecting the Company by regulatory bodies in Australia or other relevant jurisdictions (such as the Australian Securities and Investments Commission or the Australian Competition and Consumer Commission).

This is not an exhaustive list.

### **3.6 Dealing through third parties**

The insider trading prohibition extends to dealings by individuals through nominees, agents or other associates, such as family members, family trusts and family companies (referred to as "Associates" in these guidelines).

### **3.7 Information however obtained**

It does not matter how or where the person obtains the information – it does not have to be obtained from the Company to constitute inside information.

### **3.8 Employee share schemes**

The prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the sale of shares acquired under an employee share scheme and also to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

## **4 Guidelines for trading in the Company's securities**

### **4.1 General rule**

Directors and employees must comply with the following general principles in relation to Trading in Securities:

Directors and employees must comply with the insider trading provisions of the Corporations Act at all times and must not Trade in Securities whilst in possession of inside information in respect of those in Securities.

Directors and employees must not derive personal advantage from information which is not generally available and which has been obtained by reason of their connection with the Company.

The Company may at its discretion vary this rule in relation to a particular Closed Periods by general announcement to all Key Management Personnel either before or during the Closed Periods. However, if a Key Management Personnel is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities at any time.

## 4.2 No short-term trading in the Company's securities

Directors and employees must not engage in short term Trading of Company Securities.

In general, the acquisition of Securities with a view to resale within a 12 month period and the sale of Securities with a view to repurchase within a 12 month period would be considered to be transactions of a short term nature. However, the sale of shares in the Company immediately after they have been acquired through the conversion of a Security (e.g. exercise of an option) will not be regarded as short term Trading.

## 4.3 Securities in other companies

Buying and selling securities of other companies with which the Company may be dealing is prohibited where an individual possesses information which is not generally available to the market and is 'price sensitive'. For example, where an individual is aware that the Company is about to sign a major agreement with another company, they should not buy securities in either the Company or the other company.

## 4.4 Exceptions

- (a) During a Prohibited Period, Directors and Restricted Employees may Trade in Company Securities in the circumstances described below, provided that the Director or Restricted Employee is not in possession of any inside information.
- (b) Please note that the Policy requirements with respect to prior written clearance and subsequent notification continue to apply to Trading under one of these exceptions. See paragraphs 5.2 and 5.3:
  - (i) acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
  - (ii) acquire Company securities under a bonus issue made to all holders of securities of the same class;
  - (iii) acquire Company securities under a dividend reinvestment, or top-up plan that is available to all holders or securities of the same class;
  - (iv) acquire, or agree to acquire or exercise options under a Company Share Option Plan;
  - (v) withdraw ordinary shares in the Company held on behalf of the a Key Management Personnel in an employee share plan where the withdrawal is permitted by the rules of that plan;
  - (vi) acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme;
  - (vii) transfer securities of the Company already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
  - (viii) make an investment in, or trade in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
  - (ix) where a restricted person is a trustee, trade in the securities of the Company by that trust, provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
  - (x) undertake to accept, or accept, a takeover offer;

- (xi) trade under an offer or invitation made to all or most of the security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
  - (xii) dispose of securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement;
  - (xiii) exercise (but not sell securities following exercise) an option or a right under an employee incentive scheme, or convert a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period or the Company has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so; or
  - (xiv) trade under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy.
- (c) In respect of any share or option plans adopted by the Company, it should be noted that it is not permissible to provide the exercise price of options by selling the shares acquired on the exercise of these options unless the sale of those shares occurs outside the periods specified in paragraph 4.

Were this is to occur at a time when the person possessed inside information, then the sale of Company securities would be a breach of insider trading laws, even though the person's decision to sell was not influenced by the inside information that the person possessed and the person may not have made a profit on the sale. Where Company securities are provided to a lender as security by way of mortgage or charge, a sale that occurs under that mortgage or charge as a consequence of default would not breach insider trading laws.

#### **4.5 Notification of periods when Key Management Personnel are not permitted to trade**

The Company Secretary will endeavour to notify all Key Management Personnel of the times when they are not permitted to buy or sell the Company's securities as set out in paragraph 4.1.

## **5 Restrictions on Trading – Directors and Restricted Employees**

### **5.1 No Trading in Company Securities during Prohibited Periods**

Directors and Restricted Employees must not Trade in Company Securities during the following Prohibited Periods:

- (a) 1 July until the business day after the release of the full year results;
- (b) 1 January until the business day after the release of the half yearly results; and
- (c) any additional periods imposed by the Board from time to time.

However, even if a Prohibited Period is not operating, Directors and Restricted Employees must not Trade in Company Securities at that time if they are in possession of inside information.

## **5.2 Approvals to buy or sell securities**

- (a) Directors and Restricted Persons must seek prior written clearance before undertaking any Trading in Company Securities.
- (b) This requirement applies to all Trading outside of a Prohibited Period and any Trading during a Prohibited Period which is subject to an exception in section 6 of this Policy. (The procedures for seeking prior written clearance to Trade during a Prohibited Period as a consequence of Exceptional Circumstances are set out in section 6.2.)
- (c) In order to seek clearance to Trade, Directors and Restricted Employees must submit a written request to the Designated Officer. The Designated Officer may request such information as considered appropriate in the circumstances. Directors and Restricted Employees should be aware that the Designated Officer may not provide the clearance to Trade.
- (d) Directors and Restricted Employees may only engage in the proposed Trading if prior written clearance is given by the Designated Officer. Any clearance for the Trading will be valid for 7 days from the date it is given

## **5.3 Notification**

Directors and Restricted Employees must provide the Company Secretary with subsequent written notification of all Trading in Company Securities within two business days, regardless of whether prior written clearance has been given for that Trading.

Directors must provide sufficient details of all Trading to enable the Company to file a notice in accordance with the ASX Listing Rules within 5 business days of the Trade. The Company will also be obliged to notify ASX whether the Trading by a Director occurred during a Closed Period where prior written clearance was required and, if so, whether prior written clearance was provided.

## **5.4 Margin Loans**

No Director or Restricted Employee may enter into a margin loan or similar funding arrangement to acquire any Company Securities, or grant lenders any rights over their Company Securities.

## **5.5 Exemption from Closed Periods restrictions due to exceptional circumstance**

Key Management Personnel who are not in possession of inside information in relation to the Company, may be given prior written clearance by the Managing Director (or in the case of the Managing Director by all other members of the Board) to sell or otherwise dispose of Company securities in a Closed Period where the person is in severe financial hardship or where there are exceptional circumstances as set out in this policy.

## **5.6 Hedging**

Directors and Restricted Employees must not use, or allow to be used, any Derivatives or other products which operate to limit the economic risk of unvested Company Securities

# **6 Exceptional Circumstances**

## **6.1 Trading may be permitted in Exceptional Circumstances**

A Director or Restricted Employee who is not in possession of inside information in relation to the Company may Trade in Company Securities during a Prohibited Period if:

- (a) the Designated Officer determines that an Exceptional Circumstance applies to the Director or Restricted Employee; and

- (b) prior written clearance is granted by the Designated Officer in accordance with this Policy to permit the Director or Restricted Employee to Trade in Company Securities during the Prohibited Period.

A Director or Restricted Employee seeking clearance to Trade during a Prohibited Period must satisfy the Designated Officer that Exceptional Circumstances exist and that the proposal to Trade in Company Securities during a Prohibited Period is the only reasonable course of action available. Directors and Restricted Employees must apply for clearance in accordance with paragraph 6.2 below.

However, even if prior written clearance is given, Directors and Restricted Employees must not Trade in Company Securities if the person is in possession of any inside information.

## **6.2 Prior Written Clearance**

In order to seek prior written clearance to Trade during a Prohibited Period due to Exceptional Circumstances, Directors and Restricted Employees must submit a written request to the Designated Officer. The Designated Officer may request such information as considered appropriate in the circumstances.

The Designated Officer's discretion will be exercised with caution. Directors and Restricted Employees should be aware that the Designated Officer may not provide the clearance to Trade, even if Exceptional Circumstances exist.

Directors and Restricted Employees may only engage in the proposed Trading if written clearance is given. Any prior written clearance given for Exceptional Circumstances trading will be valid for 7 days from the date it is given.

## **7 ASX notification for Directors**

The ASX Listing Rules require the Company to notify the ASX within 5 business days after any dealing in securities of the Company (either personally or through an Associate) which results in a change in the relevant interests of a Director in the securities of the Company. The Company has made arrangements with each Director to ensure that the Director promptly discloses to the Company Secretary all the information required by the ASX.

## **8 Effect of compliance with this policy**

Compliance with these guidelines for trading in the Company's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in the Company's securities.

## **9 Changes to Policy**

If any material changes are made to this Policy, the Company will give the amended Policy to ASX for release to the market within 5 business days of the material change taking effect.

Amendments to the Policy which are likely to constitute a material change include:

- (a) changes to the Closed Periods;
- (b) changes with respect to Trading in Company Securities which is not subject to a Prohibited Period (as set out in paragraph 7 of this Policy); and
- (c) changes with respect to the Exceptional Circumstances in which Directors and Restricted Employees may be permitted to Trade during a Prohibited Period (as set out in paragraph 6 of this Policy).

## 10 Definitions

For the purposes of this Policy:

- (a) **"MHM Metals Group"** means the Company and each of its subsidiaries;
- (b) **"Board"** means the board of directors of the Company.
- (c) **"Chairman"** means the chairman of the Board from time to time.
- (d) **"Closed Period"** means the periods set out in paragraphs 5.1(a) and 5.1(b);
- (e) **"Company Securities"** means Securities issued by the Company;
- (f) **"Corporations Act"** means the Corporations Act 2001 (Cth);
- (g) to **"Deal"** in Securities means to apply for, acquire or dispose of Securities, or enter into an agreement to do any of those things, and **"Dealing"** has a corresponding meaning;
- (h) **"Derivative"** has the meaning in section 761D of the Corporations Act and includes options, forward contracts, futures, warrants, swaps, caps and collars;
- (i) **"Designated Officer"** means:
  - (i) in respect of a Director, the Chairman;
  - (ii) in respect of the Chairman, the Deputy Chairman;
  - (iii) in respect of a Restricted Employee, the Company Secretary; and
  - (iv) in respect of the Company Secretary, the Chairman;or such other person appointed by the Board as a Designated Officer for the purposes of this Policy;
- (j) **"Directors"** means directors of any company in the MHM Metals Group;
- (k) **"Exceptional Circumstances"** means, in relation to a Director or Restricted Employee:
  - (i) (Severe financial hardship) a pressing financial commitment that can only be satisfied by selling the relevant Company Securities;
    - (A) a tax liability of such a person would not normally constitute severe financial hardship unless the person has no other means of satisfying the liability. A tax liability relating to Securities received under an employee incentive scheme would also not normally constitute severe financial hardship or otherwise be considered an exceptional circumstance for the purpose of obtaining proper written clearance to sell or otherwise dispose of Securities during a Prohibited Period;
  - (ii) (Court order): a requirement to Trade in Company Securities as a result of:
    - (A) a court order;
    - (B) court enforceable undertakings (e.g. as part of a bona fide family settlement); or
    - (C) some other overriding legal or regulatory requirement; or

- (iii) (Other circumstances): any other circumstances considered exceptional by the Designated Officer;
- (l) to "**Procure**" another person to Deal in Securities includes inciting, inducing or encouraging a person to Deal or not Deal in Securities;
- (m) "**Prohibited Period**" means the periods set out in paragraphs 5.1(a), 5.1(b) and 5.1(c);
- (n) "**Restricted Employees**" means:
  - (i) the Chief Executive Officer;
  - (ii) the Chief Financial Officer;
  - (iii) the Company Secretary;
  - (iv) a member of the Executive Committee of the Company; and
  - (v) employees nominated by the Board as Restricted Employees (and who are notified accordingly),  
  
whether employed by the Company or another member of the MHM Metals Group;
- (o) "**Securities**" includes shares, options, rights, debentures (including convertible notes), interests in a managed investment scheme, Derivatives and other financial products covered by s1042A of the Corporations Act; and
- (p) "**Trade**" means to Deal in Securities or Procure another person to Deal in Securities, and "Trading" has a corresponding meaning.

# Corporate Governance Policies

## Schedule 8 Diversity Policy

### 1 Introduction

The Company and all its related bodies corporate are committed to workplace diversity.

The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

To the extent practicable, the Company will address the recommendations and guidance provided in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Diversity Policy does not form part of an employee's contract of employment with the Company, nor gives rise to contractual obligations. However, to the extent that the Diversity Policy requires an employee to do or refrain from doing something and at all times subject to legal obligations, the Diversity Policy forms a direction of the Company with which an employee is expected to comply.

### 2 Objectives

The Diversity Policy provides a framework for the Company to achieve:

- (a) a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- (b) a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- (c) improved employment and career development opportunities for women;
- (d) a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- (e) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity,

(collectively, the **Objectives**).

The Diversity Policy does not impose on the Company, its directors, officers, agents or employee any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia or of any foreign jurisdiction.

### 3 Responsibilities

#### 3.1 The Board's commitment

The Board is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the Company and on the Board.

The Board is responsible for developing measurable objectives and strategies to meet the Objectives of the Diversity Policy (Measurable Objectives) and monitoring the progress of the

Measurable Objectives through the monitoring, evaluation and reporting mechanisms listed below.

The Board may also set Measurable Objectives for achieving gender diversity and monitor their achievement.

The Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

### **3.2 Strategies**

The Company's diversity strategies include:

- (a) recruiting from a diverse pool of candidates for all positions, including senior management and the Board;
- (b) reviewing succession plans to ensure an appropriate focus on diversity;
- (c) identifying specific factors to take account of in recruitment and selection processes to encourage diversity;
- (d) developing programs to develop a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development;
- (e) developing a culture which takes account of domestic responsibilities of employees; and
- (f) any other strategies the Board develops from time to time.

## **4 Monitoring and evaluation**

The Chairman will monitor the scope and currency of this policy.

The Company is responsible for implementing, monitoring and reporting on the Measurable Objectives.

## **5 Reporting**

The Board will include in the Annual Report each year:

- (a) the Measurable Objectives, if any, set by the Board;
- (b) progress against the Objectives; and
- (c) the proportion of women employees in the whole organisation, at senior management level and at Board level.

# Corporate Governance Policies

## Schedule 9 Shareholder Communications Strategy

The Board of the Company aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

Information is communicated to shareholders through:

1. the Annual Report delivered by post and which is also placed on the Company's website;
2. the half yearly report which is placed on the Company's website;
3. the quarterly reports which are placed on the Company's website;
4. disclosures and announcements made to the Australian Securities Exchange (**ASX**) copies of which are placed on the Company's website;
5. notices and explanatory memoranda of Annual General Meetings (**AGM**) and Extraordinary General Meetings (**EGM**) copies of which are placed on the Company's website;
6. the Chairman's address and the Managing Director's address made at the AGMs and the EGMs, copies of which are placed on the Company's website;
7. the Company's website on which the Company posts all announcements which it makes to the ASX; and
8. the auditor's lead engagement partner being present at the AGM to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

Shareholders can register with the Company's Registrar to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the annual, half yearly and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.

The Company continually reviews its website to identify ways in which it can promote its greater use by shareholders and make it more informative.

All historical years of the Company's Annual Report, since listing on ASX, are provided on the Company's website.

Shareholders queries should be referred to the Company Secretary in the first instance.

# Corporate Governance Policies

## Annexure 1 Definition of Independence

### 1. ASX corporate governance council's corporate governance principles and recommendations

An independent Director is a non-executive Director (ie, is not a member of management) and:

- (a) holds less than 5% of the voting shares of the Company and is not an officer of, or otherwise associated directly or indirectly with, a shareholder of more than 5% of the voting shares of the Company;
- (b) within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- (c) within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- (d) is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (e) has no material contractual relationship with the Company or another group member other than as a Director of the Company;
- (f) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- (g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.