

# BOARD CHARTER

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## 1 ROLE

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- 1.1 South32 Limited (the **Company**) is the parent company of the South32 Group of companies<sup>1</sup>. The purpose of the South32 Group is to make a difference by developing natural resources, improving people's lives now and for generations to come. We are trusted by our owners and partners to realise the potential of their resources (together, the **Purpose**).
- 1.2 The role of the South32 Limited Board (**Board**) is to represent shareholders and to promote and protect the interests of South32. It does so by governing the South32 Group, having regard to the interests of the Group's shareholders (as a whole), the interests of other relevant stakeholders and the Group's desire to be a trusted corporate citizen.
- 1.3 This Charter sets out:
  - (a) the role and responsibilities of the Board;
  - (b) those matters reserved to the Board and those delegated to management; and
  - (c) the Board's composition, activities and practices.

## 2 DELEGATION OF RESPONSIBILITIES

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- 2.1 Under the Company's Constitution, the business and affairs of the Company are to be managed by or under the direction of the Board.
- 2.2 The Board has specifically reserved some matters for its decision and delegates authority for all other matters that are necessary for the management of the Group's business to the Chief Executive Officer (**CEO**) and to committees within the authority limits approved by the Board from time to time. However, ultimate responsibility for governance and strategy rests with the Board.
- 2.3 The Board retains the right to alter the matters reserved for its decision and to change, enhance or revoke its delegations to the CEO at any time.

## 3 RESPONSIBILITIES OF THE BOARD

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The key responsibilities of the Board in fulfilling its role are as set out below.

- 3.1 Demonstrating leadership.
- 3.2 Approving the Group's Purpose and strategy.

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<sup>1</sup> In this document, unless otherwise stated, references to South32, South32 Group and Group refer to South32 Limited and its controlled entities and South32-operated joint arrangements, as a whole.

- 3.3 Overseeing management's development and implementation of strategy and setting performance objectives for the CEO.
- 3.4 Approving the Group's values and the *Code of Business Conduct* (and any material changes to them) to underpin the desired culture of the Group.
- 3.5 Overseeing the culture of the Group, including whether it is consistent with the Group's Purpose, values and strategy.
- 3.6 Reviewing, at least annually, the adequacy of the Group's risk management framework to gain assurance that it continues to be sound and that the Group is operating with due regard to the risk appetite developed by management and approved by the Board.
- 3.7 Overseeing the internal controls and systems for monitoring ethical and legal compliance and promoting ethical, responsible and lawful decision making.
- 3.8 Approving the budget and major capital expenditure, acquisitions and divestments (including related due diligence) and capital management decisions, above specified thresholds as determined by the Board from time to time.
- 3.9 Approving dividend policy and resolving to pay parent-level dividends.
- 3.10 Overseeing the integrity of the Group's corporate reporting systems, including the external audit and appointing and removing the external auditor.
- 3.11 Overseeing the Group's corporate governance practices and approving corporate governance policies.
- 3.12 Satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board.
- 3.13 Approving the authority delegated to the CEO by the Board and any changes thereto.
- 3.14 Adopting a continuous disclosure policy that is compliant with applicable laws and regulations and monitoring its operation.
- 3.15 Considering appointments to, and the performance and succession of, the CEO and members of the South32 Lead Team including:
  - (a) appointing the Managing Director and CEO (with references to CEO in this Charter being a reference to both the Managing Director role and CEO role), monitoring and evaluating performance and overseeing succession planning;
  - (b) approving the appointments of members of the South32 Lead Team and the Company Secretary, monitoring performance and overseeing succession planning processes;
  - (c) approving the contractual arrangements and remuneration (including proposed awards under incentive plans and retirement and insured benefit arrangements) for the CEO;
  - (d) reviewing and approving the annual Business Scorecard (and any amendments thereto) and the annual Business Scorecard outcome;
  - (e) in respect of the short-term employee incentive scheme, at the end of each financial year, approving the outcomes for the CEO; and

- (f) approving performance hurdles or any amendments to the performance hurdles applicable to the equity-based plans.

3.16 Considering appointments to, and the performance, remuneration and succession of, the Board including:

- (a) appointing the Chair of the Board and the Directors who will come before shareholders for election and re-election at the next Annual General Meeting;
- (b) approving remuneration arrangements for Non-executive Directors;
- (c) reviewing the size and composition of the Board;
- (d) evaluating the performance of the individual Directors and the Board as a whole; and
- (e) overseeing succession planning for Non-executive Directors.

3.17 Adopting diversity and inclusion policies for the Group and the Board, including setting and assessing progress against measurable objectives for diversity.

3.18 Overseeing the Group's remuneration policy and the principles and processes that underpin it, including approving the remuneration and benefits framework for all South32 employees and seeking to ensure that the framework is aligned with the Group's Purpose, values, strategy and risk appetite.

## 4 RESPONSIBILITIES OF THE CEO

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4.1 The Board delegates to the CEO the authority to manage the day-to-day affairs of the Group.

4.2 The CEO is responsible for developing (and implementing) strategy, the annual plan and the budget, as approved by the Board, and may delegate the management function within the authority limits set by the Board.

4.3 The CEO is accountable to the Board for all authority delegated to management and the Group's performance.

4.4 All actions and decisions of the CEO will be guided by the Group's Purpose and strategy.

4.5 The CEO will:

- (a) keep the Board and its committees informed of matters as reasonably considered necessary or appropriate to enable them to make assessments and judgements, to conduct enquiries, and to gain assurance that the decisions and actions of the CEO and management, and the performance of the Group, are directed towards the Group's strategy;
- (b) instil in the Group a culture of: Care, Trust, Togetherness and Excellence;
- (c) assess the health, safety, environmental, reputational, legal and financial consequences of decisions and actions and the impact on the Group's strategy;
- (d) implement a system of internal controls and audits designed to identify and manage risks that are material to the achievement of the Group's strategy;

- (e) assess and plan for the impact of any change in the portfolio of Group assets on the achievement of the Group's strategy;
- (f) address the impact of capital and operating expenditure, or financing decisions, on the financial condition of the Group and on the Group's strategy;
- (g) implement plans and processes designed to provide for the development and succession of senior management and equal opportunities for the development of all staff;
- (h) maintain policies, standards and procedures which are designed to provide shareholders (through the appropriate channels) with timely and accurate information regarding progress towards the Group's Purpose and strategy and the current activities and results of the Group.; and
- (i) maintain a comprehensive set of management delegations to allow management to carry on the Group's business.

4.6 The CEO will not:

- (a) engage in, cause or permit any activity or behaviour that is in violation of commonly accepted standards of business practice and ethics; or
- (b) allow a Group culture that condones unethical, unlawful and dishonest conduct, or lack of integrity, respect or dignity in relationships amongst those involved in or affected by the Group's activities.

4.7 The Board will monitor the decisions and actions of the CEO and management and progress towards the Group's strategy.

4.8 Throughout the annual Board cycle, the CEO will report, in a spirit of openness and trust, on the progress being made by the Group towards its strategy, including material developments in the:

- (a) development (and implementation) of strategy, the annual plan and the budget;
- (b) business and financial performance of the Group and material events in markets that are critical to the achievement of the Group's strategy; and
- (c) activities covered in sections 4.4 and 4.5 above.

## 5 COMMITTEES

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5.1 Under the Company's Constitution, the Board may delegate responsibility to committees to consider certain issues in further detail and then report back to and advise the Board.

5.2 The Board has established standing committees to assist it in discharging its responsibilities effectively and efficiently and may establish other committees from time to time to consider other matters of special importance.

5.3 The Board is responsible for appointing committee members (including committee chairs), approving their terms of reference (and any material changes to them), receiving reports on their activities, and periodically reviewing their membership.

5.4 The processes and procedures that govern the operation of Board committees are set out in the document *'Board Committee Processes and Procedures'*.

## 6 COMPOSITION

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### Membership

- 6.1 The Board will be constituted in accordance with the Company's Constitution and the Non-executive Directors will rotate in accordance with the rules for appointment and retirement under the Company's Constitution.
- 6.2 The Board will comprise a substantial majority of independent Non-executive Directors and seek to have Directors with an appropriate range of skills, expertise and experience from a diverse range of backgrounds necessary to carry out the Board's role and responsibilities.
- 6.3 The Board will annually review the mix of skills, experience, independence, knowledge and diversity represented by Directors on the Board and determine whether the composition and mix remain appropriate for the Group's Purpose and strategy and whether they cover the skills needed to address existing and emerging business and governance issues.
- 6.4 The Board will regularly review the independence of Non-executive Directors in accordance with the *Independence of Directors Policy*.
- 6.5 The Directors must possess the following qualities:
  - (a) unquestioned honesty and integrity;
  - (b) a proven track record of creating value for shareholders;
  - (c) an ability to apply strategic thought to matters in issue;
  - (d) a preparedness to debate issues openly and constructively and to question, challenge and critique;
  - (e) a willingness to commit to a high standard of corporate governance; and
  - (f) an ability to devote sufficient time to properly carry out the role and responsibilities of the Board.

### Conduct

- 6.6 All Directors are expected to utilise their range of relevant skills, knowledge and experience and to apply their independent judgement to all matters discussed at Board meetings. Directors will ensure that they bring to all Board debate and discussion their unique knowledge, experience, and perspective on the Group's businesses.
- 6.7 Each Director will ensure that they do not make any decision or take any action that has the effect of prioritising his or her interests over the interests of the Company.
- 6.8 Directors commit to the collective decision-making processes of the Board and to always respect the contributions of other Directors. Directors will debate issues openly and constructively and be free to question or challenge the opinions presented at meetings.

## Chair

- 6.9 The Board will appoint one of the independent Non-executive Directors as Chair. The Board may determine the period for which the Chair is to hold office and may terminate that appointment.
- 6.10 The principal role of the Chair is to provide leadership to the Board, assist the Board to work effectively and discharge its responsibilities and encourage a culture of openness and debate to foster a high-performing and collegiate team.
- 6.11 The Chair represents the Board to the shareholders and communicates the Board's position.
- 6.12 The Chair serves as the primary interface between the Board and management.
- 6.13 The Chair will set the agenda for each Board meeting in consultation with the CEO and Company Secretary.

## 7 PROCEDURES

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### Meetings

- 7.1 The Company's Constitution governs the regulation of Board meetings and proceedings.
- 7.2 The Board will meet as often as required to discharge its responsibilities effectively and efficiently.
- 7.3 Directors are expected to use all reasonable endeavours to attend Board meetings and be psychically present for "in person" meetings. Directors unable to attend a meeting must advise the Chair and Company Secretary as soon as practicable.
- 7.4 Papers for Board meetings will be circulated to Directors in advance of each meeting so that Directors have a reasonable opportunity to review the papers.
- 7.5 Non-executive Directors will periodically meet without management (or their representatives) present.

### Company Secretary

- 7.6 The Company Secretary, through the Chair, is accountable to the Board on all matters to do with the proper functioning of the Board including the:
  - (a) effectiveness of the implementation of corporate governance processes;
  - (b) adherence to the Board's policies and procedures;
  - (c) coordination of all Board business, including agendas, board papers, minutes, communication and filings; and
  - (d) organising and facilitating the induction and professional development of Directors.
- 7.7 All Directors will have direct access to the Company Secretary.

## 8 ACCESS TO ADVICE AND INFORMATION

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### Access to independent advice

- 8.1 Each Director, and the Board collectively, may seek independent professional advice at the expense of the Company on any matter connected with the discharge of their relevant responsibilities.
- 8.2 Individual Directors must obtain approval of the Chair before seeking independent professional advice (and for compensation payable) and in the case the Chair, approval of the Chair of the Risk and Audit Committee is required.
- 8.3 The Company Secretary (or their designate) will assist in securing the service determined necessary.
- 8.4 External advice will be made available to all Directors unless there is a potential or actual conflict of interest.

### Access to information and records

- 8.5 The Board may make direct requests for information and records from the CEO, any employee of the Group, the external auditor or any third party.
- 8.6 The Chair, the Chairs of committees, the CEO and the Company Secretary will work collaboratively to ensure the production and transmission of information and reports to the Board and committees.
- 8.7 Relationships and dialogue between individual members of the Board and the CEO and South32 Lead Team that focus on gaining a better understanding of the Group's business will be encouraged but will not alter the roles, accountabilities and divisions of authority in this Charter.

## 9 TRAINING AND ASSESSMENT

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### Training

- 9.1 Non-executive Directors are engaged through a letter of appointment setting out their responsibilities and the terms of their appointment.
- 9.2 New Directors will be provided with a comprehensive induction program, including business briefings by management and site visits.
- 9.3 Directors are expected to participate in an ongoing program of training and development and each standing committee may adopt and maintain a program of induction, training and development (including site visits if considered necessary).
- 9.4 Directors are expected to maintain the skills required to fulfil their duties and to support the Board in the discharge of its responsibilities under this Charter.
- 9.5 Requests for professional education courses may be made to the Company Secretary and are subject to approval by the Chair. Where such a request is approved, South32 will meet the cost of the course.

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## Assessment

- 9.6 The Board will undertake an annual evaluation of its performance that may include the following:
- (a) a review of the performance of the Board against the requirements of this Charter;
  - (b) reviews of the performance of the Board Committees against the requirements of their respective terms of reference and overall objectives; and/or
  - (c) reviews of the individual performances of the Board Chair and the Non-executive Directors.
- 9.7 The results of the review of individual Directors will be taken into account by the Board in determining its assessment of the Directors to stand for re-election at the next Annual General Meeting.

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