



# **Electrometals Technologies Limited**

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## **Electrometals Board Charter**

**28 March 2011**

# **Board Charter**

This charter sets out the broad principles and policies which the board of directors and executives of Electrometals Technologies Limited will observe while executing their fiduciary obligations and responsibilities.

The board of directors of Electrometals Technologies Limited is responsible for guiding and monitoring the management of the company on behalf of the shareholders, by whom they are elected and to whom they are accountable.

The board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. To ensure that the board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the board.

The responsibility for the company's operation and administration is delegated by the board to the CEO and the executive management team. The board ensures that this team is appropriately qualified and experienced to discharge its responsibilities and the board has in place procedures to assess the performance of the CEO and executive management team.

While the board retains full responsibility for guiding and monitoring management, in discharging its stewardship it makes use of committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the board.

To this end, the board has established the following committees:

**Audit Committee** – The Audit Committee plays a vital role in assisting the board of directors to fulfil its corporate governance and oversight responsibilities in relation to a company's financial reporting, internal controls, risk management systems and the internal and external audit functions. The audit committee also provides a forum where directors, management and external auditors together can deal with issues and developments relating to the management of risk and with financial reporting obligations.

**Remuneration & Nominations Committee** – The Remuneration and Nominations committee is responsible for setting and overseeing policy surrounding the recruitment and appointment of directors and senior executives. Furthermore, it provides an independent mechanism by which appropriate remuneration and performance hurdles can be established and followed. The committee is also responsible for conducting and/or coordinating the board's own performance review.

The board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the board. The board has a number of mechanisms in place to ensure this is achieved, including:

- board approval of a strategic plan designed to meet stakeholders' needs and manage business risk
- ongoing development of the strategic plan and approval of initiatives and strategies designed to ensure the continued growth and success of the company



- monitoring the implementation of budgets by management and monitoring progress against budget, via the establishment and reporting of both financial and non-financial key performance indicators.

Other functions reserved to the board include:

1. Approval of the annual and half-yearly financial reports.
2. Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures.
3. Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored.

## **1. Our auditor selection and appointment policy**

The board of Electrometals Technologies Limited, in accordance with this charter, annually assesses the external auditor, focusing particularly on:

- quality and rigour of the audit
- quality of the service provided
- the audit firm's internal quality control procedures
- relationships between the external auditor and the company
- independence of the auditor.

Should a change in auditor be considered necessary, a formal tendering process will be undertaken. The board will identify the attributes required of an auditor and will ensure the selection process is sufficiently robust so as to ensure selection of an appropriate auditor, it being understood that, under the Corporations Act, an auditor may only be removed from office by a resolution of members passed at a general meeting, after appropriate notice has been given.

The board shall ensure that prospective auditors have been provided with a sufficiently detailed understanding of the company, its operations, its key personnel and any other information, including group structures and financial statements that will have a direct bearing on each firm's ability to develop an appropriate proposal and fee estimate.

The board shall consider the appointment in conjunction with senior management. In selecting an external auditor, particular consideration shall be given to determining whether the fee quoted is sufficient for the work required, whether the work is to be undertaken by people with an appropriate level of seniority, skill and knowledge and whether the work proposed is sufficient to meet the company's needs and expectations.

The board audit committee shall annually discuss with the auditor the provisions the audit firm has in place for rotation of the lead engagement partner and the independent review partner and the overall succession plan in place regarding all professional staff assigned to the company's audit. The audit engagement partner is due to be rotated every 4 years.

The board shall satisfy itself on a regular basis, and at a minimum on an annual basis, that the audit firm's procedures regarding succession planning and lead engagement partner rotation are appropriate and will ensure an ongoing efficient and effective audit.



## **2. Our ASX listing rules continuous disclosure compliance policy**

The continuous disclosure requirements of the ASX are contained in chapter 3 of the ASX listing rules. The company policy reflects the general rule (in accordance with ASX listing rule 3.1) that, once a company becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the company's securities, the company must immediately tell the ASX that information. The focus is on continuous disclosure and improving access to information for all investors.

Whenever deemed necessary, the entire board reviews the company's obligations under this policy, at board meetings or by other discussion and communication between board members. The requirement to consider ASX matters is a recurring agenda item at each board meeting.

The company has nominated the CEO to have responsibility for:

- ensuring that the company complies with continuous disclosure requirements;
- overseeing and co-ordinating disclosure of information to the ASX, analysts, brokers, shareholders, the media and the public; and
- educating directors and staff on the company's disclosure policies and procedures and raising awareness of the principles underlying continuous disclosure.

Price-sensitive information is publicly released through the ASX before disclosing it to analysts or others outside the company. Further dissemination to investors of general information concerning the company and its activities is also managed through the ASX. Announcements will often be posted on the company's website, [www.electrometals.com.au](http://www.electrometals.com.au).

## **3. Our independent advice policy**

The directors, the board and board committees of Electrometals Technologies Limited are empowered to seek external professional advice, as considered necessary, at the company's expense, subject to prior consultation with the Chairman. Generally, any advice so received will be made available to all directors.

## **4. Our appointment of directors policy**

The responsibility for the selection and recommendation to the full board of potential directors has been delegated to the Remuneration and Nominations committee. The committee, together with the Chairman, will periodically review the composition of the board to ensure that the board continues to have the mix of skills and experience necessary for the conduct of the company's activities.

Whether filling a vacancy or expanding the board, the procedures applied by the Remuneration and Nominations committee include the selection of a panel of nominees. In compiling the panel of nominees, the committee may draw on advice from external consultants and internal industry experience. Potential directors are approached by the committee to discuss their interest in joining the board and to



convey to them the responsibilities such an appointment entails. Terms and conditions of the appointment, including the level of remuneration, are also communicated to the nominees. The Remuneration and Nominations committee then makes a recommendation to the full board.

If accepted, the board will appoint a new director during the year, and that person will then stand for re-election by shareholders at the next general meeting of shareholders, as provided in the Electrometals constitution. Shareholders should be provided with relevant information on the candidates for election. When appointed to the board, all new directors receive an induction appropriate to their experience to familiarise them with matters relating to Electrometals business, strategy and current issues.

## **5. Our board and executive performance evaluation policy**

The Remuneration and Nominations committee has in place a process to review the performance of the board, committees and key executives. An independent adviser may be used to assist in this process.

A process has been established to review and evaluate the performance of the board. The Remuneration and Nominations committee will conduct an annual survey of directors to review the role of the board, to assess the performance of the board over the previous 12 months and to examine ways of assisting the board in performing its duties more effectively. The issues examined include:

- board interaction with management
- the type of information provided to the board by management and
- overall management performance in helping the board meet its objectives.

A similar review of the board committees is performed, to assist in assessing the performance of each committee and to identify areas where improvement can be made. The performance and contribution of non-executive directors is assessed by the nominations committee against pre-determined criteria.

The committee is also responsible for reviewing the performance of the CEO and the executive team. This evaluation is based on specific criteria, including the group's business performance, whether strategic objectives are being achieved and the development of management and personnel.

## **6. Our share trading policy**

### **Overview**

The Electrometals Technologies Limited Securities Trading Policy regulates dealings by directors, officers, employees and consultants of Electrometals ("restricted persons") in:

- (a) securities issued by the company, and
- (b) any other financial products related to Electrometals securities issued or created by third parties, or any transactions operating to limit the economic risk of holding the securities.

This policy is to:



- (a) ensure that restricted persons are aware of the prohibition on dealing in the company's securities or related financial products while in possession of price-sensitive information regarding the company, and
- (b) establish closed periods in which dealing is prohibited, unless under specific circumstances.

### **Insider trading**

"Inside information" is information which is not "generally available", which a reasonable person would expect to have a material effect on the price or value of the financial products in question.

The insider trading provisions of the Corporations Act prohibit a person in possession of inside information about financial products from:

- (a) dealing in those financial products, or entering into an agreement to do so
- (b) "procuring" another person to do any of the things set out in paragraph(a); and
- (c) in some cases, where the financial products are traded on a financial market, merely communicating the information.

### **Compliance**

All restricted persons should ensure that all transactions in Electrometals securities or related financial products comply with:

- (a) the Corporations Act 2001, especially the insider trading provisions, and
- (b) the ASX listing rules, especially the continuous disclosure requirements of listing rule 3.1 and the disclosure of a director's interests in accordance with listing rule 3.19A.

### **Restrictions under this policy**

1. Restricted persons must not deal in any Electrometals securities or related financial products while in possession of inside information.
2. Restricted persons are to check with the Chairman before any dealing.
3. Restricted persons must not engage in short-term trading of Electrometals securities. In exceptional circumstances, a trade could occur within 12 months, but only with the prior approval of the board.
4. Restricted persons who hold the securities under the Electrometals employee share option plan must not, without the prior consent in writing of the company, sell, create a security interest in or otherwise dispose or deal with their securities.
5. Subject to the next section, restricted persons must not deal in Electrometals securities or related financial products during the following closed periods:
  - (a) From 1 January up to and including the day the company's full-year results are released; and
  - (b) From 1 July up to and including the day the company's half-year results are released.



### **Exceptions**

A restricted person may deal in Electrometals securities during a closed period if the transaction falls within one of the following categories of "excluded trading":

- (a) transfers of Electrometals securities already held from a restricted person's own name into a superannuation fund in which the restricted person is a beneficiary
- (b) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in Electrometals securities) where the assets of the fund or other scheme are invested at the discretion of a third party
- (c) acceptance of a takeover offer
- (d) an offer or invitation made to Electrometals members generally, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan or an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the board
- (e) a disposal of Electrometals securities resulting from a secured lender exercising its rights
- (f) dealing with securities under any Electrometals employee share option plan in accordance with the rules of the plan
- (g) a dealing with written consent, in accordance with the following section.

### **Written consent**

A restricted person may deal in Electrometals securities during a closed period if the person obtains written permission, as follows:

A restricted person who wishes to deal in Electrometals securities during a closed period must obtain the prior written permission of:

- (a) the Chairman and the Chief Executive Officer; or
- (b) where the Chairman or the Chief Executive Officer is the Applicant, the other of them and the chairman of the audit committee.

Approval will only be given where:

- (a) the restricted person is in severe financial hardship and wishes to dispose of the securities, and no alternative financial resources are readily available, or other special circumstances exist, such as a legal requirement to deal in the securities, and
- (b) there is no inside information which has not been disclosed to ASX.

### **Policy responsibility**

The Chief Executive Officer and the Company Secretary have responsibility for maintaining this trading policy.



## 7. Our risk management and internal compliance policy

The board of Electrometals Technologies Limited determines the company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The company's process of risk management and internal compliance and control includes:

- Establishing the company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives.
- Continuously 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.
- Formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls.
- Monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an annual assessment of their effectiveness.

To this end, practices are in place which are directed towards achieving the following objectives:

- Effectiveness and efficiency in the use of the company's resources.
- Compliance with applicable laws and regulations. Electrometals has established appropriate health & safety regimes, environmental standards and management systems; it monitors compliance to Trade Practices, ASIC, ASX and tax laws and standards.
- Preparation of reliable published financial information.

The board aims to oversee an annual assessment of the effectiveness of risk management and internal compliance and control. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required by the board to assess risk management and associated internal compliance and control procedures and report back on the efficiency and effectiveness of risk management.

## 8. Our communication policy

The board of Electrometals Technologies Limited 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:

- The annual report and/or the concise annual report.
- The interim report.
- Disclosures made to the Australian Securities Exchange.
- Notices and explanatory memoranda of annual general meetings (AGM).
- The AGM.
- Occasional letters from the board chair and CEO to specifically inform shareholders of key matters of interest.



- The company's website, [www.electrometals.com.au](http://www.electrometals.com.au).

It is both company policy and the policy of the auditor for the lead engagement partner to be present at the AGM and to answer questions about the conduct of the audit and the preparation and content of the auditors' report. The board respects the right of shareholders to actively participate in the AGM by asking questions, challenging motions or resolutions and having their say on the affairs of Electrometals and how it conducts its business.

## **9. Our directors and employees code of conduct**

The board of Electrometals Technologies Limited aims to ensure that all employees and directors abide by ethical standards and conduct themselves in a professional and ethical manner in all their business related activities.



## **Electrometals Technologies Limited**

### **Employee Code of Conduct**



## **Electrometals Code of Conduct**

This code has been drawn up so there can be no doubt about the standards of behaviour Electrometals expects of its personnel. All of us working for Electrometals Technologies, including directors, associates and contractors, are bound by it.

The Electrometals Code of Conduct sets a framework for how we must operate. The Electrometals Code of Conduct protects the interests of shareholders, customers, employees, and suppliers. Particularly, it helps you understand what is expected of Electrometals personnel.

## **Professional behaviour**

Electrometals strives to be a good corporate citizen and complies with not only the letter, but with the spirit of the law, wherever we do business.

## **Integrity**

You must always:

- . Act in the best interests of shareholders as the owners of Electrometals.
- . Respect customers and treat them courteously and consistently.
- . Respect colleagues and treat them fairly, openly and honestly.
- . Select vendors/suppliers on quality, service and cost only.

## **Confidentiality and Privacy**

During the course of your work, you may learn confidential and/or personal information about Electrometals, its customers, suppliers and your fellow employees. Unless you have permission, you must not disclose or discuss any such information while employed by or after you leave Electrometals. In particular, you must treat as confidential all information given to Electrometals by customers.

All work performed during your employment with Electrometals belongs to the company.

## **Conflict of interest**

Conflicts of interest can arise if you have a personal interest in a business decision involving Electrometals. Personal interest can be direct or indirect and refers not only to you but to your friends and members of your family. Avoid situations in which your personal interests could conflict with those of Electrometals. If there is a potential conflict of interest, Electrometals' interests must always take priority.

If you have a conflict of interest you must disclose this to your manager.

## **Outside activities**

You must not serve in any capacity – as director, partner, employee, consultant, agent etc. - whether paid or unpaid, in any other company or business if there is a possibility that your personal interests could conflict with those of Electrometals, unless you first get permission from your direct manager.



### **Gifts and entertainment**

Gifts and entertainment should not be given or received if they could be interpreted as creating an obligation, that your impartiality could be affected or the gifts or entertainment could be perceived to influence a business decision. Reasonable offers of entertainment such as dinner, theatre parties or sporting events may be accepted or offered. In determining what is "reasonable", the onus is on you to consider not only the value of the gift or entertainment, but the frequency with which they are offered, and the circumstances in which they are offered. If in doubt, ask your manager.



### **Politics**

While you are all entitled to personal political views and activities, Electrometals has a policy of strict political neutrality. You should not take part in a political event such as a fund raiser as a representative of Electrometals without the express permission of the CEO.

### **Equal opportunity**

Electrometals is an equal opportunity employer and expects you to treat your colleagues fairly.

### **Legal compliance**

You must carry out your work according to all law, common, corporate law etc.

### **Records and reports**

Any information that you record and reports that you generate must comply with legal and financial & accounting policies and procedures.

### **Safety and security**

You must follow Electrometals health & safety and security procedures that apply to the area where you work.

### **Code violations**

Anyone who breaches the Electrometals Code of Conduct faces disciplinary action. This could include dismissal or legal action. All personnel have a duty to report violations of our Code of Conduct. If you suspect a violation, report the matter to an appropriate manager. No action will be taken against any person who reports in good faith a suspected violation of this Code of Conduct.

### **The code of conduct check**

If you have any further doubts, you should discuss the matter with colleagues or the person to whom you report. Another effective way to resolve a dilemma is to answer the following questions:

- Am I in line with company policy?
- Is it fair to all concerned?
- Will I feel good about myself? Will it make me feel proud?
- Would my actions look good on the front page of the newspaper?

If the answer to any of the above questions is "no", you should reconsider your course of action.

