

EMPIRE RESOURCES LTD

Board Charter

1. Introduction

This Charter sets out the roles and responsibilities of the Board of Directors of Empire Resources Limited (“Empire”).

2. Role of the Board

The role of the Board is to maintain and build Empire’s capacity to deliver sustainable total shareholder return, in a manner consistent with Empire’s corporate values including prioritising safety; health; the environment; and community.

The Board’s key responsibilities are to:

- determine Empire’s strategic objectives. The Board may do this by reviewing, testing, challenging and providing oversight and input into the Managing Director’s recommended strategic plans for Empire;
- optimise Company performance and shareholder value within a framework of appropriate risk assessment and management; and
- appoint and, when necessary, replace, the Managing Director, and regularly evaluate their performance.

The Board must perform its role in accordance with the duties and obligations imposed on it by the Empire Constitution and by law.

3. Matters reserved to the Board

In addition to the above matters and those for which the Board is responsible by law, the Board has the following responsibilities:

- overseeing control and accountability systems designed to ensure appropriate standards are met in relation to Empire’s health, safety, environment and community obligations;
- approving business plans and budgets;
- appointing the Chairman;
- appointing, and when necessary replacing, the Managing Director, and determining the terms and conditions of appointment including remuneration and termination;
- appointing the Company Secretary;
- approving the appointment, and when necessary replacement, of other senior executives;
- approving the remuneration framework;
- monitoring and assessing management’s development and implementation of strategies, business plans, budgets and objectives, and ensuring sufficient resources are available to management for those purposes;

- ensuring that appropriate internal and external audit arrangements are in place and operating effectively, including having regard to the integrity of accounting and financial reporting systems;
- setting and reviewing the risk appetite and reviewing and monitoring implementation of and compliance with the risk management framework, internal controls and codes of conduct;
- overseeing the continuous disclosure process to ensure timely and balanced disclosures;
- approving and monitoring financial and other reporting;
- approving and monitoring the progress of capital expenditure, capital management and acquisitions and divestments to the extent material;
- annually assessing the independence of Directors (having regard to the ASX Corporate Governance Principles and Recommendations with respect to independence);
- approving the issue of shares or other securities in Empire;
- approving commitments in excess of discretionary limits from time to time delegated to the Managing Director and senior executives;
- ensuring that new directors are appropriately inducted to the Board including informing them that they have the right to obtain independent professional advice, on approval from the Chairman of the Board, at Empire's cost, as considered necessary or appropriate to fulfil their duties; and
- monitoring the effectiveness of governance practices generally.

4. Board composition and meetings

Appointments to the Board are based on merit against objective criteria that serves to maintain an appropriate balance of skills and experience on the Board. The Remuneration and Nomination Committee leads the process for Board appointments and makes recommendations to the Board.

The composition of the Board is to be reviewed regularly against the Company's board skills matrix prepared and maintained by the Nominations Committee to ensure the appropriate mix of skills and expertise is present to facilitate the efficient and effective functioning of the Board.

Where practical, the majority of the Board should be independent directors. The Board will assess the independence of a director against the factors set out in Box 2.3 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations 3rd edition*.

In accordance with Empire's Constitution the minimum number of Directors is 3. A quorum for a Directors' meeting is 2 Directors entitled to vote or a greater number determined by the Directors.

The Board meets sufficiently regularly to discharge its duties effectively.

5. Board Committees

The Board may from time to time establish committees to assist it with carrying out its responsibilities. The Board approves charters setting out the composition and responsibilities of such committees and such other matters as the Board may consider appropriate.

The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of separate or special committees is justified at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and ensure that it adheres to appropriate ethical standards. In particular, the Board as a whole considers those matters that would usually be the responsibility of an audit committee and a nomination committee and adheres to their respective Charters. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate audit committee or a separate nomination committee.

The Board has currently established the following Charters for the following:

- Audit and Risk Committee; and
- Remuneration and Nomination Committee.

If these Committees are established, the committees are composed of Directors with the necessary skills and experience to perform their roles on the committees. Other Directors may be invited to attend committee meetings and senior executives and other employees may also attend by invitation. Following each committee meeting the Board is provided with a verbal report on meeting proceedings as well as the minutes of that meeting. Copies of committee papers are made available to the Board.

The Board may also delegate specific responsibilities to ad hoc committees from time to time.

6. Director responsibilities

Directors must disclose their interests, positions, associations or relationships that may influence or reasonable be perceived to influence, in a material respect 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.

Directors are expected to bring their independent views and judgement to the Board and must immediately declare to the Board any potential or active conflicts of interest.

The independence of directors will be regularly assessed by the Board in light of the interests disclosed by them.

7. Chairman

The Directors from time to time elect one of their number to the office of Chairman and may determine the period for which that Director is to be Chairman. The Chairman is responsible for leadership of the Board and ensuring the Board functions effectively. The aim is for the Chairman to be an independent director.

Where practical, the Managing Director should not be the Chairman of the Company.

In performing this role the Chairman's responsibilities include:

- approving the agenda of matters to be considered by the Board and convening Board meetings as necessary or appropriate;
- managing the conduct, frequency and length of Board meetings so as to ensure that the Board maintains an in-depth understanding of Empire’s performance and the opportunities and strategic issues it faces;
- facilitating constructive and respectful communications between Directors and between the Board and management;
- acting as a mentor and independent sounding board to the Managing Director; and
- annually implementing a review of the performance of the Board as a whole.

8. Access to advice

All Directors have unrestricted access to company records and information except where the Board determines that such access would be contrary to the Company interests.

All Directors may consult management and employees as required to enable them to discharge their duties as directors.

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 written advice should be made available to all members of the Board.

9. Matters delegated to management

The Board has delegated to the Managing Director and his senior executive group authority over the day-to-day management of Empire and its operations. This delegation of authority includes responsibility, and accountability to the Board, for:

- developing business plans, budgets and strategies for consideration by the Board and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- operating the business within the parameters set by the Board from time to time, and keeping the Board informed of material developments in the businesses;
- where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- identifying and managing operational and other risks and, where those risks could have a material impact on the business, formulating strategies for managing these risks for consideration by the Board;
- managing financial and other reporting mechanisms and control and monitoring systems to ensure that these mechanisms and systems capture all relevant material information on a timely basis and are functioning effectively;
- ensuring that the Board is provided with sufficient information on a timely basis, in particular with respect to performance, financial condition, operating results and prospects, to enable the Board to fulfil its governance responsibilities; and
- implementing the policies, processes, procedures and codes of conduct approved by the Board.

10. Company Secretary

The Company Secretary has a direct line of reporting to the Chairman and is responsible for:

- advising and supporting the Chairman and the Board and its committees to manage the day to day governance framework of Empire;
- assisting with Board effectiveness by monitoring whether applicable Board and committee policies, procedures and charters are followed and coordinating timely completion and despatch of Board agendas and papers;
- ensuring that the business at Board and committee meetings is accurately captured in the minutes; and
- assisting with all matters to do with the proper functioning of the Board including advising on governance matters and assisting with induction and professional development of Directors.

11. Measurement of performance

The Board and each of its committees will annually evaluate its performance including:

- evaluating the performance of each Director against appropriate measures (including periodically considering the use of external advisers to conduct this performance review);
- the non-executive Directors, taking into account the views of the executive Directors, evaluating the performance of the Chairman;
- comparing its performance with the requirements of its Charter;
- setting out its future goals and objectives; and
- reviewing and recommending any changes to its Charter deemed necessary or desirable.
- The performance evaluation shall be conducted in such manner as the Board deems appropriate.

12. Review

The Board will review this Charter annually to ensure it is consistent with the Board's roles and responsibilities. Any proposed amendments to this Charter arising from a review will be put to the Board for consideration.