



CG5 Policy on independence of directors

1. Background

CI Resources is committed to meeting the standards of corporate governance expected of an Australian listed public company. Those standards require that a majority of the members of the Board (including the Chairman) are independent, and that a majority of members of the Board's Audit, Remuneration and Nominations Committees (if established) are similarly independent.

The independence of Directors of CI Resources Limited will be assessed by the Board pursuant to this policy and, as described below, the Board will have discretion to determine if a Director is independent.

2. Purpose

The purpose of this policy statement is to:

- Specify the test that will be used by the Board to assess the independence of each Director;
- Identify the information that will be collected from each Director to make the assessment of independence; and
- Outline the disclosure to shareholders of the assessment of independence of Directors, including the disclosure of any relationships and associations that may be perceived to affect the independence or objectivity of a Director.

3. Test of “independence”

The Board will use the test of independence recommended by the ASX Corporate Governance Council, that is:

“An independent director is independent of management and free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.”

4. Information collected by the Board to assess independence

Generally, all facts and circumstances will be considered in determining the independence of a Director under the above test. It is not possible to explicitly provide for all circumstances that will indicate a conflict of interest or a material relationship. However, a Director to whom one or more of the criteria in paragraph 6 apply will not normally be considered independent.

Even if one or more of the criteria apply, the Board may determine that a Director is independent. The Board must disclose such a determination in accordance with paragraph 5.

Directors must update the Board with any new information in relation to interests or relationships relevant to independence. Family ties and cross directorships may be relevant to independence, and should be disclosed by Directors to the Board.

The Board will assess the independence of Directors annually and will re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

5. Disclosure

The Board will make the following disclosure to shareholders in the CI Resources Limited Annual Report:

- Independent and non-independent Directors will be identified and the basis of the assessment of independence is based will be stated.
- Any assessment of independence for a Director who does not meet the criteria above will be specifically explained.
- Material relationships, associations and other business of each Director will be described (whether or not falling within the categories listed below) and the period of office held by each Director will be stated. This will include details of any relationships or circumstances which the Board believes do not affect independence but which could be perceived as influencing the Director's judgement, objectivity or ability to act in the best interests of CI Resources Limited.
- Materiality thresholds adopted by the Board to assist in the assessment and determination of independence.

Independent and non-independent Directors standing for re-election will also be identified in the Annual General Meeting Proxy Form.

If the Board's assessment of a Director's independence changes, that change will be disclosed immediately through Stock Exchange announcement.

6. Criteria affecting a Director's "independent" status

- 6.1. The Director is a **Substantial Shareholder** in CI Resources Limited.
- 6.2. The Director is an **Officer** of, or otherwise **Directly Associated** with, a **Substantial Shareholder** in CI Resources Limited.
- 6.3. Within the last 5 years the Director has been employed by CI Resources Limited.
- 6.4. Within the last 5 years a **Family Member** of the Director has been an **Officer** of CI Resources Limited.
- 6.5. The Director holds a cross-directorship or has significant links with other Directors through involvement in other companies or bodies. This criterion only applies to cross-directorships or links that would materially interfere with the Director's objective, unfettered or independent judgement, or the Director's ability to act in the best interests of CI Resources Limited.
- 6.6. The Director has served on the Board of CI Resources Limited 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 CI Resources Limited.

- 6.7. The Director accepts from CI Resources Limited, directly or indirectly, any consulting, advisory or other compensatory fee other than in the capacity as a Director. This includes payments to a Director's **Family Member**, and payments to an entity that provides material professional services to CI Resources Limited in which the Director is an **Officer**. This criterion does not preclude payment to an entity of which the Director is as a non-substantial shareholder, limited partner, non-managing member or similar.
- 6.8. The Director participates in a share-based incentive scheme or performance related pay scheme of CI Resources Limited. This criterion does not preclude the payment of the Director's remuneration in the form of shares.
- 6.9. Within the last 3 years, the Director or a **Family Member** of the Director has been an **Officer** of, or otherwise affiliated with, an auditor or other entity that provides material professional services to CI Resources Limited. This criterion does not preclude an assessment of independence for a Director where a Director or **Family Member** is an employee of an auditor or other material adviser, unless that employee has been materially associated with the service provided by adviser, or the employee is the principal of the adviser.
- 6.10. Within the last 3 years, the Director or a **Family Member** of the Director have been a material supplier or customer, or have been an **Officer** of, a **Substantial Shareholder** in, or directly or indirectly associated with a material supplier or customer.
- 6.11. The Director has a material contractual relationship with CI Resources Limited (other than as a Director of CI Resources Limited).
- 6.12. Within the last 3 years, the Director or a **Family Member** or the Director has been an **Officer** of another company in which a current **Officer** of CI Resources Limited serves on the remuneration committee of the board.
- 6.13. Within the last 3 years, the Director has had a material business relationship with CI Resources Limited, or has been a **Substantial Shareholder** or **Officer** of an entity that has such a relationship with CI Resources.
- 6.14. The Director has an interest, relationship or association with any person or entity which affects, or could be perceived to affect, the independence of the Director.
- 6.15. The Board is not satisfied that the Director is independent in character and judgement.

7. Materiality

The test of whether a relationship or business is "material" will be based on the nature, circumstances and activities of the Director, having regard to the guidelines in this document.

Materiality will be considered from the perspective of CI Resources Limited, the persons or organisations with which the Director or **Family Member** has an affiliation, and from the perspective of the Director.

Materiality thresholds will be considered by the Board from time to time for inclusion in this Policy. The Board considers that:

- A material customer is a customer from which CI Resources Limited derives more than 2% of its consolidated gross annual revenue.
- A material supplier is a supplier which derives more than 2% of its consolidated annual revenue from CI Resources Limited.
- Service on the Board for a period exceeding ten years is a period which could, or could reasonably be perceived to, materially interfere with a Director's ability to act in the best interests of the Company.

8. Definitions

- 8.1. **"Family Member"** includes –
 - 8.1.1. spouses, parents, children, siblings, parents-in-law, stepchildren, siblings-in-law; and
 - 8.1.2. anyone (other than the Director's employees) who shares the Director's home.
- 8.2. **"Officer"** means –
 - 8.2.1. a director or secretary of the corporation;
 - 8.2.2. a partner of a partnership;
 - 8.2.3. a person who performs a policy making function of a corporation;
 - 8.2.4. a person who makes, or participates in making, decisions that affect the whole, or a substantial part, of the business of a corporation;
 - 8.2.5. a person who has the capacity to affect significantly the corporation's financial standing;
 - 8.2.6. a person in accordance with whose instructions or wishes the directors of the corporation are accustomed to act (excluding advice given by the person in the proper performance of functions attaching to the person's professional capacity or their business relationship with the directors of the corporation);
 - 8.2.7. a receiver, or receiver and manager of the property of the corporation;
 - 8.2.8. an administrator or liquidator of the corporation;
 - 8.2.9. an administrator of a deed of company arrangement executed by the corporation; or
 - 8.2.10. a trustee or other person administering a compromise or arrangement made between the corporation and someone else.
- 8.3. **"Substantial Shareholder"** means the holder of more than 5% of the shares entitled to vote in an entity.
- 8.4. **"Directly Associated"** means a person who is an **Officer** of a subsidiary or parent entity of a **Substantial Shareholder** or someone who otherwise obtains a material benefit from the **Substantial Shareholder**.