



## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Hawsons Iron Limited (HIO) aims to achieve appropriate standards of corporate governance and has established corporate governance policies and procedures, where practicable, consistent with the ASX Corporate Governance Council's *'Corporate Governance Principles and Recommendation – 4<sup>th</sup> Edition'* (**ASX Recommendations**), which were published in February 2019.

In ensuring appropriate standard of ethical behaviour and accountability, the Board has included in its corporate governance policies those matters contained in the ASX Recommendations where applicable. However, the Board also recognises that full adoption of the above ASX Recommendations may not be practical or provide the optimal result given the particular circumstances and structure of the Company. Nevertheless, the Board is committed to ensuring that appropriate Corporate Governance practices are in place for the proper direction and management of the Company. This statement outlines the main Corporate Governance practices of the Company disclosed under the ASX Recommendations, including those that comply with best practice and which, unless otherwise stated, were in place during the whole of the period to the date of this statement.

### Principle 1

#### Lay solid foundations for management and oversight

##### 1.1 Roles and Responsibilities of the Board – followed

The Board is governed by the Corporations Act 2001, its formal constitution and by the ASX Listing Rules. The Board's primary role is to set policy regarding the affairs of the Company for the protection and enhancement of long-term Shareholder value.

The Board takes responsibility for the overall corporate governance of the Company including its strategic direction, management goal setting and monitoring, internal control, risk management and financial reporting. In so doing, the Board acts in accordance with the Board Charter, which is published on the Company's website.

##### 1.2 Director appointment – followed

HIO considers the character, experience and skillset as well as interests and associations of potential candidates for appointment to the Board and will conduct appropriate checks to verify the suitability of the candidate, prior to their election. HIO has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a director, is disclosed in the notice of meeting provided to shareholders.

##### 1.3 Written agreements of appointment – followed

The roles and responsibilities of Directors have been formalised in letters of appointment, which each Director has entered into. The letters of appointment specify the term of appointment, time commitment envisaged, expectations in relation to committee work or any other special duties attaching to the position, reporting lines, remuneration arrangements, disclosure obligations in relation to personal interests, confidentiality obligations, and insurance and indemnity entitlements.

##### 1.4 Company Secretary – followed

The Company Secretary is accountable directly to the Board through the Chairman on all matters to do with the proper functioning of the Board. All Directors have access to the Company Secretary.

The appointment or removal of the Company Secretary is a matter for the Board.

##### 1.5 Diversity policy – not followed

The Company is committed to creating a diverse working environment and culture.

However, given the size of the Company and scale of its operations, the Board is of the view that a written diversity policy with measurable objectives for achieving gender diversity is not required at this time. Further, as the Company has not established measurable objectives for achieving gender diversity, the Company has not reported on progress towards achieving them.

## **1.6 Board Reviews – not followed**

The Remuneration Committee meets at least annually, and the recommendations are made in line with the Company's present circumstances and goals to ensure maximum shareholder benefits from the attraction and retention of a high-quality Board and senior management team.

The Board recognises that as a result of the Company's size the assessment of the Board's overall performance and its own succession plan is conducted on an informal basis. Whilst this is at variance with the ASX Recommendations, the Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place. A more formal process of Board assessment will be considered in the future as the Company develops.

## **1.7 Management Reviews – followed**

The Board evaluates the performance of the Chief Executive Officer and Company Secretary on a regular basis and encourages continuing professional development. A review is conducted in association with the annual audit.

### **Principle 2**

#### **Structure Board to add value**

##### **2.1 Nomination committee – not followed**

The Company does not have a Nomination Committee.

Whilst not having a nomination committee is at variance with the ASX Recommendations, the Directors consider that at the date of this report an appropriate and adequate process for the evaluation of Directors is in place. A more formal process of Board assessment will be considered in the future as the Company develops.

##### **2.2 Board skills matrix – followed**

The Company has a formal Board skills matrix.

The Board Charter provides that the Board will regularly review the appropriate mix of skills and expertise to facilitate successful strategic direction.

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 judgment, 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.

The Company provides details of each Director, such as their skills, experience and expertise relevant to their position, in the Directors' Report in the Annual Report and also provides these details on its website.

##### **2.3 Details of Independent Directors – followed**

The Board for much of the 2020/2021 financial year consisted of four directors, two of whom were independent Non-executive Directors. The names of the Directors of the Company and terms in office at the date of this Statement together with their skills, experience, expertise and financial interests in the Company are set out in the Directors' Report section of each Annual Report.

For part of the year, HIO had only one independent Director. However, since the appointment to the Board of Mr Jon Parker in February 2021, there have been two independent Non-executive Directors, and it is planned to ensure that there are at least two independent Non-executive Directors on the Board at all times.

The Company has had no relationships with either of the independent Directors which the Company believes would compromise the independence of these Directors.

##### **2.4 Composition of the Board – partially followed**

The Company's constitution and the Corporations Act 2001 specify that the number of Directors must be at least three. The Board may at any time appoint a Director to fill a casual vacancy. Directors appointed by the Board are subject to election by Shareholders at the following annual general meeting and thereafter Directors (other than the Managing Director or Executive Chairman) are subject to re-election at least every three years. The tenure for Executive Directors is linked to their holding of executive office.

The Board for much of the 2020/2021 financial year consisted of four directors, one of whom was an independent Non-executive Director. Steps were taken during the year to rectify this situation, and two of the non-independent Non-executive Directors resigned accordingly. Since the appointment to the Board of Mr Jon Parker in February 2021, there have been two independent Non-executive Directors, and it is planned to ensure that there are at least two independent Non-executive Directors on the Board at all times.

The Company as at the date of this statement has two independent Non-executive Directors.

##### **2.5 The Chairman – not followed**

The Chairman for most of the financial year was not an independent Director. For part of the year, the role of Chairman of the Board was separate from that of the Managing Director, who was responsible for the day to day management of the Company. This was in compliance with the ASX Recommendation that these roles not be exercised by the same individual.

The Chairman for the first half of the financial year was a Non-executive Director who was not independent. Furthermore, the roles of Chairman of the Board and Chief Executive Officer are now held by Mr Bryan Granzien. Whilst this is at variance with the ASX Recommendations, the Directors consider that at the date of this report the structure of the Board is appropriate to carry out the Company's immediate plans. The Board will review this situation in the coming months.

## **2.6 Board induction and professional development – followed**

An induction process including appointment letters exists to promote early, active and relevant involvement of new members of the Board. All HIO Directors are encouraged to further their knowledge through ongoing professional development through professional industry, governance and government bodies.

### **Principle 3**

#### **Instil a culture to act ethically and responsibly**

##### **3.1 Articulate and disclose Company values**

The Company has articulated the values that it seeks to instil in its people, and a statement of its values is published on the Company's website.

##### **3.2 Code of conduct – followed**

The Company aims for a high standard of corporate governance and ethical conduct by Directors and employees.

All Directors have signed deeds with the Company, which require them to comply with all the obligations of a director under the Corporations Act 2001. Directors are required to disclose to the Board any material contract in which they may have an interest. In accordance with section 195 of the Corporations Act 2001, a Director having a material personal interest in any matter to be dealt with by the Board, will not be present when that matter is considered by the Board and will not vote on that matter, subject to the discretion of the Board.

All Directors are required to provide the Company with details of all securities registered in the Director's name or an entity in which the Director has a relevant interest.

Directors, officers and employees are not permitted to trade in securities of the Company at any time whilst in possession of price sensitive information not readily available to the market. The Corporations Act 2001 also prohibits the acquisition and disposal of securities where a person possesses information that is not generally available and which may reasonably be expected to have a material effect on the price of the securities if the information was generally available.

The Company has a code of conduct with which Directors, senior executives and employees must comply. The code of conduct is published on the Company's website.

##### **3.3 Whistleblower policy – followed**

The Company has a whistleblower policy, which is published on the Company's website.

##### **3.4 Anti-bribery and corruption policy – followed**

The Company has an anti-bribery and corruption policy, which is published on the Company's website.

### **Principle 4**

#### **Safeguard integrity in corporate reporting**

##### **4.1 Audit committee – partially followed**

HIO has an Audit Committee, which was established to oversee corporate governance, internal controls, ethical standards, financial reporting, and external accounting and compliance procedures.

For much of the 2020-2021 financial year, the Audit Committee comprised of two Directors only one of whom was independent. At the time of this statement, it comprises of two independent Non-executive Directors. Whilst having only two members is at variance with the ASX Recommendations, the Directors consider that at the date of this report the structure of the Board is appropriate to carry out the Company's immediate plans. The Board will review this situation in the coming months.

The Committee reports to the Board. The Executive Chairman, Company Secretary and external auditor may, by invitation, attend meetings at the discretion of the Committee.

The Audit Committee charter is published on the Company's website.

#### **4.2 CEO and CFO financial statements declaration – followed**

The Chief Executive Officer and Chief Financial Officer are required to provide written declarations under section 295A of the Corporations Act 2001 that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively. Both the Executive Chairman and Chief Financial Officer provide said assurances at the time the section 295A declarations are provided to the Board.

#### **4.3 Disclose integrity verification process for corporate reporting - followed**

The Company has a process to verify the integrity of quarterly reports and other unaudited reports to the market. The Company Secretary, in association with the Executive Chairman, ensure that such reports are accurate and not misleading and circulate such reports to the Board before they are released on ASX.

### **Principle 5**

#### **Making timely and balanced disclosure**

##### **5.1 Continuous disclosure policy – followed**

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In accordance with the ASX Recommendations, information is communicated to shareholders as follows:

- the annual financial report which includes relevant information about the operations of the Company during the year, changes in the state of affairs of the entity and details of future developments, in addition to the other disclosures required by the Corporations Act 2001;
- the half yearly financial report lodged with the ASX and ASIC and sent to all shareholders who request it;
- notifications relating to any proposed major changes in the Company which may impact on share ownership rights that are submitted to a vote of shareholders;
- notices of all meetings of shareholders;
- publicly released documents including full text of notices of meetings and explanatory material made available on the Company's website; and
- disclosure of the Company's corporate governance practices and communications strategy on the Company website.

The Company has a formal continuous disclosure policy, which is published on its website.

##### **5.2 Circulation of market announcements to the Board – followed**

The Board receives a copy of all announcements made to the market.

##### **5.3 Release to the market of new and substantive presentations – followed**

Where the Company gives a new and substantive investor or analyst presentation it releases a copy of the presentation materials on the ASX platform ahead of the presentation.

### **Principle 6**

#### **Respect the rights of shareholders**

##### **6.1 Information on website – followed**

The Company operates under the continuous disclosure requirements of the ASX Listing Rules and aims to ensure that all information which may be expected to affect the value of the Company's securities or influence investment decisions is released to the market in order that all investors have equal and timely access to material information concerning the Company. The information is made publicly available on the Company's website following release to the ASX.

##### **6.2 Investor relations programme – not followed**

Due to the size of the Company, the Board does not believe that a documented or formalised investor programme is required. The Company actively engages with investors at the Annual General Meeting and responds to enquiries made from time to time.

##### **6.3 Security holder participation at meetings – followed**

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

##### **6.4 Deciding substantive resolutions by a poll – partially followed**

The Company ensures that resolutions at shareholder meetings are decided by a poll to the extent that it is required to do so in accordance with the ASX Listing Rules. All resolutions involving approvals for the purposes of the ASX Listing Rules are decided by a poll.

## **6.5 Facilitate security holder communications – followed**

The Company provides its investors the option to receive communications from and send communications to the Company and the share registry electronically.

### **Principle 7**

#### **Recognise and manage risks**

##### **7.1 Risk committee – not followed**

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, title, native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed.

The Board does not at this point have a separately constituted risk committee. The Board considers that consideration of risk at this stage of the Company's development is dealt with effectively by the Audit Committee and the Board itself.

##### **7.2 Risk assessment and management – followed**

The Board with the assistance of the Audit Committee conducts a formal review of the risk profile of the Company annually and monitors risk informally throughout the year. A review was conducted in association with the annual audit. Furthermore, risk assessment is an agenda item for all regular Board meetings.

##### **7.3 Internal Audit function – not followed**

The Company does not have an internal audit function and does not believe that the size and nature of the Company warrants establishment of said function at this time. The Board with the assistance of the Audit Committee conducts a formal review of the risk profile of the Company annually and monitors risk informally throughout the year. A review was conducted in association with the annual audit.

##### **7.4 Economic, environmental and social risks – followed**

The Board recognises that there are inherent risks associated with the Company's operations including mineral exploration and mining, environmental, heritage and native title, legal and other operational risks. The Board endeavours to mitigate such risks by continually reviewing the activities of the Company in order to identify key business and operational risks and ensuring that they are appropriately assessed and managed. No formal report in relation to the Company's management of its material business risks is presented to the Board.

### **Principle 8**

#### **Remunerate fairly and responsibly**

##### **8.1 Remuneration committee – partially followed**

For much of the 2020-2021 financial year, the Remuneration Committee comprised of two Non-executive Directors, only one of whom was independent. For some of the year, it comprised of two members, both of whom were independent Non-executive Directors. At the time of this statement, the two members are independent. Whilst having only two members is at variance with the ASX Recommendations, the Directors consider that at the date of this report the structure of the Board is appropriate to carry out the Company's immediate plans. The Board will review this situation in the coming months.

The Committee has a formal charter.

##### **8.2 Executive and Non-executive Director remuneration policy – followed**

The Company's Constitution specifies that the total amount of remuneration of Non-executive Directors is to be fixed from time to time by a general meeting. Directors may apportion any amount up to this maximum amount amongst the non-executive Directors as they determine. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in performing their duties as Directors.

The remuneration of the Chief Executive Officer is determined by the Board, taking into account the recommendations of the Remuneration Committee, as part of the terms and conditions of his employment, which are subject to review from time to time. The remuneration of employees is determined by the Executive Chairman, subject to the approval of the Board.

### **8.3 Equity-based remuneration scheme – not followed**

The Company does not have an equity-based remuneration scheme.