

Policies & Standards

CHARTER OF THE BOARD

1. Introduction

This Charter sets out the role and specific responsibilities of the Alumina Limited Board and the delegation of authorities to Board Committees and the CEO.

The Alumina Code of Conduct defines expectations of individual Board members and Alumina employees and underpins the formulation of all governance and company practices, including the Board Charter.

In determining board practices and key governance requirements, the Directors are mindful that Alumina Limited is listed both on the Australian Stock Exchange.

1.1. Objectives

To establish the respective roles and responsibilities of Board members and senior executives, thereby ensuring accountability and authority is exercised appropriately to manage and control the business in the interests of shareholders.

The Board is ultimately responsible for the overall management of Alumina and for formulating and establishing its strategic goals, with the aim of creating and delivering shareholder value through maximising the performance of Alumina's interest in the Alcoa World Alumina and Chemicals (AWAC) business, and any other businesses held by the Company.

1.2. Primary Role of the Board

- Appoint the CEO, and monitor performance of the CEO and senior executives.
- Monitor and optimise business performance, including against approved plans and policies.
- Formulate and establish the strategic direction of the company and monitor its execution.
- Protect the interests of shareholders.
- Approve external financial reporting by the Company.

2. Board Responsibilities

2.1. Duties and Responsibilities

- a. Participate in the development of Alumina's strategy and final approval.
- b. Review and approve business plans and budgets, including the setting of performance objectives and approving operating budgets.
- c. Approve the Company financial policies and financial statements.
- d. Monitor executive management's performance and the implementation of strategy and policy.
- e. Monitor and review management processes in place aimed at ensuring relevant information is reported by management to the Board and ensuring integrity of financial and other reporting.
- f. Review and approve proposals for major capital expenditure, acquisitions and divestitures and monitor their effectiveness.
- g. Review, guide and ratify systems of risk management, internal control, continuous disclosure and legal compliance. This includes identifying, together with the Audit and Risk Management Committee, the main risks associated with the Company and reviewing procedures and systems in place to manage these risks.
- h. In respect of the CEO, manage the selection, appointment, performance evaluation, and planning for a successor. Provide support and mentoring where required, and removal if deemed necessary.
- i. Ratify the appointment and the removal of the CFO and General Counsel & Company Secretary. Review and provide input to succession plans for executive and management roles.
- j. Establish the Nomination, Audit, Risk Management and Compensation Committees; ratify Committee Charters and manage effectiveness of committees.
- k. Approving the Company's Statement of Values and Code of Conduct and overseeing management in instilling the Company's values

- I. Satisfy itself that the Company's remuneration policies are aligned with the Company's purpose, values, strategic objectives and risk appetite.

2.2. Certain Matters Highlighted as Specifically Reserved for the Board and its Committees

In order to highlight certain fundamental matters relating to the Board but not limiting in any way sections 1 and 2.1 of this Charter, it is noted that the following responsibilities cannot be delegated by the Board and its Committees.

- Appointment of a chairman of the Board and CEO.
- Appointment of directors to fill a vacancy or an additional director.
- Approval of dividends.
- Calling of meetings of shareholders.
- The issues of securities by the Company.

2.3. Responsibilities of Chairman

The Chairman is responsible for leadership of the Board, for ensuring that the Board functions effectively, and for communicating the views of the Board (including through the CEO) to shareholders and the public. In performing this role the Chairman's responsibilities include:

- a. setting the agenda of matters to be considered by the Board;
- b. managing the conduct, frequency and length of Board meetings so as to ensure that the Board maintains an in-depth understanding of Alumina's performance and the opportunities and challenges facing the company;
- c. facilitating open and constructive communications between Board members and encouraging their contribution to Board deliberations;
- d. acting as a mentor and independent sounding board to the CEO, advising the CEO on likely Board reactions to issues and proposals, keeping directors informally advised as necessary of such matters, convening special Board meetings as required and optimising the working relationship between the Chairman, directors and CEO; and
- e. review the performance of the Board as a whole and all individual directors.

3. Relationship with Management

3.1. Authority Delegated to Senior Management

The Board has delegated to the CEO and his senior executive team authority over the day to day management of Alumina and its operations. This delegation of authority includes responsibility to undertake the actions set out below, with the primary objective of maximising sustainable shareholder wealth, having regard to the Company's values and impacts for employees, communities and other stakeholders:

- a. developing business plans, budgets and strategies for the Board's consideration and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- b. operating Alumina's businesses within the parameters set by the Board from time to time and keeping the Board informed of all material developments relating to the businesses;
- c. where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- d. identifying and managing operational and other risks and, where those risks could have a material impact on Alumina's businesses, formulating strategies for managing these risks for consideration by the Board;
- e. managing Alumina's current financial and other reporting mechanisms to ensure that these mechanisms are functioning effectively to capture all relevant material information on a timely basis and to meet Alumina's reporting obligations;
- f. implementing Alumina's internal controls, establishing procedures for monitoring these controls, and ensuring that these controls and procedures are appropriate and effective;
- g. taking all reasonable steps to ensure that the Board is provided with accurate and sufficient information regarding Alumina's operations on a timely basis and, in particular, that the Board is made aware of all relevant matters relating to Alumina's performance (including future performance), financial condition, operating results and prospects and potential material risks so that the Board is in an appropriate position to fulfil its corporate governance responsibilities; and
- h. implementing all policies, processes and codes of conduct approved by the Board.

The manner in which the Board interacts with executive management and as a board itself, is essential to achieving superior outcomes for Alumina.

The Board will create value in these relationships by using its collective knowledge and experience in:

- Supporting and challenging the CEO and senior executives and holding them to account.
- Questioning presentations from executive management and providing new and different perspectives and insights.
- Participating in debate and exercising independent judgement.
- Recognising the value of constructive differences of opinion in achieving better outcomes.

To ensure that the respective roles and responsibilities are carried out as defined, the Board and executives will adopt the following principles and practices:

- Management must provide the Board with information in a form, timeframe and quality that will enable the Board to fulfil its responsibilities effectively. It follows that Directors are entitled to request additional information at any time where they consider it appropriate.
- Ultimate responsibility for management and control of the Company rests with the directors.
- The Board will meet from time to time without the presence of management.
- Non-Executive Directors will meet regularly without the presence of Executive Directors and management.
- Directors may delegate certain powers as considered appropriate.
- The management function is conducted by, or under the supervision of, the CEO as directed by the Board.
- The Board annually approves corporate objectives for the CEO to meet and, jointly with the CEO, develops the duties and responsibilities of the CEO with limits to management's authorities (CEO role definition attached).
- Where a director seeks to provide information about business opportunities or introductions to the company, this should be done through the CEO with the Chairman informed.

4. Board Committees

4.1. Establishment of Board Committees

The Board of Alumina has established three committees to assist it in discharging its responsibilities. They are:

- a. the Audit and Risk Management Committees;
- b. the Compensation Committee; and
- c. the Nomination Committee.

4.2. Terms of Reference

Each committee has documented and approved charters under which authority is delegated from the Board.

4.3. Composition of Committees

The committees are composed of all the non-executive directors, where legally permitted.

4.4. Ad Hoc Committees

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

5. Role of the Company Secretary

The Board will appoint the Company Secretary.

The Company Secretary is accountable to the Board, via the Chair, on all matters relating to the proper functioning of the Board.

All Directors will have direct access to the Company Secretary.

The Company Secretary is responsible for coordination of all Board business, including agendas, Board papers, Minutes, communication with regulatory bodies and ASX, and all statutory and other filings.

The Company Secretary oversees and regularly reviews the Director induction process.