

## **American Rare Earths Limited**

### **Nomination and Remuneration Committee Charter**

#### **Introduction**

This Charter has been developed and approved by the Board of Directors (the Board) of American Rare Earths Limited (the Company) to outline the processes used by the Nomination and Remuneration Committee (the Committee) in discharging its responsibilities.

#### **Purpose**

The purpose of the Committee is to assist the Board in fulfilling its responsibilities in overseeing the processes to:

- Identify, select and recommend to the Board the best possible Directors, and make recommendations to the Board;
- Plan and make recommendations to the Board on the succession plan for the CEO;
- Make recommendations to the Board regarding the Company's overall remuneration strategy and its specific application to the CEO, Key Management Personnel and the remuneration of the non-executive Directors.

#### **Composition**

The Board appoints the members and the Chair of the Committee. The Committee will consist of at least three non-executive Directors, a majority of whom must be independent non-executive Directors.

The Chair of the Committee is responsible for leading the Committee and overseeing the processes for the Committee's performance of its role in accordance with this Charter.

#### **Role and Responsibilities**

The responsibilities of the Committee include, but are not limited to:

- Board and Committee composition
  - Review and make recommendations to the Board on the appropriate size and membership of the Board and its Committees;
  - Assess and make recommendations to the Board on the appropriate mix of skills, experience, expertise and diversity required on the Board and each Committee, and regularly assess the extent to which they are represented on the Board or relevant Committee;
  - Make recommendations for the re-election of Directors, subject to the principle that a Committee member must not be involved in making recommendations to the Board in respect of themselves;
  - Review annually and make recommendations to the Board on the time required to be committed by Non-Executive Directors, including a review of other commitments and the time involved in those commitments;
  - Make recommendations to the Board in relation to Board succession planning, including the succession of the Chairman and Committee chairs, to ensure maintenance of an appropriate mix of skills, experience, expertise, and diversity on the Board.

- Appointment, Election and Re-election of Directors
  - Establish processes for the selection of suitable candidates for the appointment to the Board, including the setting of criteria by which Directors are appointed and re-elected;
  - Conduct searches, and make recommendations to the Board on candidates for appointment as Directors;
  - Make recommendations to the Board on candidates for appointment as Directors. Such recommendations should be consistent with maintaining an appropriate mix of skills, experience, expertise and diversity on the Board;
  - Determine the terms and conditions on which non-executive Directors are appointed;
  - Undertake appropriate checks before appointing a Director or putting forward to shareholders a candidate for election as a Director, including checks as to the person's character, experience, education, criminal record and bankruptcy history;
  - Make recommendations to the Board on the membership of the Board's standing committees and, periodically, conduct a review of the membership of the Board's standing committees.
- Director induction and development
  - Review the process for the induction and education of new Directors and any continuing education for existing Directors.
- Director independence
  - Monitor and undertake an annual assessment of and make a recommendation to the Board as to the independence of each Director and report the outcome of the assessment to the Board for inclusion in the annual report.
- Appointment of the CEO and CEO succession planning
  - Review succession plans for the CEO and his/her direct reports and review the selection of suitable candidates for the appointment of CEO and make recommendations to the Board;
  - Conduct searches and make recommendations to the Board regarding the appointment and reappointment of the CEO.
- Board Performance
  - Assist the Board Chairman as required in relation to the performance evaluation of the Board, its committees and individual Directors, and the development and implementation of plans for identifying, assessing and enhancing Director competencies.
- Company remuneration policy:
  - Review and make recommendations to the Board relating to overall remuneration strategies, policies and practices of the Company's Remuneration Policy (Policy) and the process for measurement and assessment of performance;
  - Ensure the Policy supports the Company's mission;
  - Monitor the effectiveness of the overall remuneration framework to ensure alignment with remuneration strategy;
  - Ensure the Policy demonstrates a clear link between Company performance and individual remuneration outcomes;

- Review and make recommendations to the Board on incentive strategy, Employee Incentive Plan rules, performance measures and vesting, payments, and forfeiture;
  - Consider the outcome of the annual advisory vote and seek feedback from shareholders;
  - Monitor staff retention rates and review and assess the effectiveness of staff retention strategies.
- Non-Executive Directors:
  - Review and make recommendations to the Board on the remuneration benefits and shareholding requirements for Non-Executive Directors.
- CEO:
  - Review annually and recommend to the Board the contractual and remuneration arrangements for the CEO, including:
    - Fixed remuneration;
    - Superannuation arrangements or other retirement benefits;
    - Variable remuneration;
    - Any Equity Plan to apply to the CEO;
    - Any other forms of remuneration.
  - In conjunction with the Independent Chairman or Lead Independent Director, evaluate and make recommendations to the Board on the performance of the CEO including his/her goals and objectives taking into account:
    - The outcome of any performance hurdles in relation to performance based remuneration;
    - Feedback from the Chair of the Audit and Risk Committee in relation to any other issue that should be taken into account when assessing the performance of the CEO;
    - Determine any adjustments to the CEO's variable remuneration having regard to circumstances or information that has become available after the grant of deferred variable remuneration.
- Key Management Personnel (KMP):
  - Review and make recommendations to the Board annually on the individual remuneration levels and other remuneration arrangements for KMP having regard to the Company's Remuneration Policy, including:
    - Fixed remuneration;
    - Superannuation arrangements;
    - Termination arrangements or other retirement benefits;
    - Variable remuneration;
    - Any other forms of remuneration.
  - Review and make recommendations to the Board in relation to specific individual contractual arrangements for KMP; and
  - Review recommendations from the CEO and recommend to the Board any adjustments to the KMPs' variable remuneration having regard to circumstances or information that has become available after the grant of deferred variable remuneration.
- Performance based plans:

- Review and make recommendations to the Board on incentive strategy, plan rules, performance measures and vesting, payments, and forfeitures; and
  - Approve the acquisition of shares on-market or recommend to the Board a new issue of shares (subject to any necessary shareholder approval in relation to a Director award) in order to satisfy allocations under the KMP and employee share plans.
- Remuneration Report:
  - Oversee the preparation of the Remuneration Report and make recommendations to the Board as to its adoption in the annual Directors' Report.
- Remuneration consultants:
  - Approve the appointment of remuneration consultants for the purposes of the Corporations Act 2001.
- Compliance:
  - Review the Company's compliance with equal employment opportunity and anti-discrimination legislation; and
  - Monitor compliance with the Company's Code of Conduct and Business Integrity and review any breaches of the Code and actions taken by management in relation to such breaches.
- Capability:
  - Monitor the Company's workforce planning approach to ensure the Company attracts, develops, and retains the right capabilities to meet strategic objectives.
- Diversity:
  - Review reports on the Company's gender pay equity position and actions to identify, eliminate and rectify any identified gaps; and
  - Review and make recommendations to the Board on diversity within the Company, and measurable objectives to achieve diversity and progress against such objectives.

## **Meetings**

The Committee will meet at least twice per year and additionally as it considers necessary.

The presence of one half of the members of the Committee (rounded upwards if not a whole number) will constitute a quorum with the additional requirement that the majority of members attending be independent non-executive Directors.

All Directors will have access to Committee papers and non-executive Directors may attend Committee meetings. Any person may be invited to attend meetings of the Committee, but not necessarily for the full duration of the meeting.

The Committee Chairman will report to the Board after each Committee meeting and will make recommendations to the Board as appropriate.

The Company Secretary will maintain a register of dealings in securities and of declarations of material personal interests by Directors and report them to the Board as necessary.

## **Review of the Nomination and Remuneration Committee Charter**

The Committee will evaluate its performance and the fulfilment of its responsibilities under this Charter annually.

The Committee will review the adequacy of this Charter annually and recommend amendments to the Board for approval.

**Approval date**

Charter approved [insert date]

Next review [insert date]