

# PEOPLE, REMUNERATION & NOMINATION COMMITTEE CHARTER



## 1 ROLE OF THE COMMITTEE AND AUTHORITY

- a) The People, Remuneration and Nomination Committee (**Committee**) assists the board of directors (**Board**) of Arafura Rare Earths Limited (**Arafura or Company**) in fulfilling its responsibilities for corporate governance and oversight of the Company's people, remuneration and nomination policies and practices which enable it to attract and retain Non-Executive Directors and Executives (including the Managing Director & CEO) and such other individuals as the Committee determines from time to time (**Senior Management**) and appropriately align their interests and the culture of the company with those of key stakeholders.
- b) The Committee is empowered to investigate any matter, with full access to all books, records, company operations, and people of the Company and the authority to engage external consultants or other professional advisers as it determines necessary to carry out its duties.
- c) The Committee is a committee of the Board established in accordance with the Company's constitution (**Constitution**) and authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this Charter and granted to it under any separate resolutions of the Board from time to time.

## 2 MEMBERSHIP

- a) The Committee should to the extent practicable given the size and composition of the Board and/or nature and scope of the operations of the Company from time to time, comprise of:
  - i) at least three members;
  - ii) non-executive directors; and
  - iii) a majority of directors who are independent (and must satisfy this description to the extent required by statute or regulation).
- b) Membership of the Committee is as approved by the Board.
- c) The chair of the Committee (**Committee Chair**) should be nominated by the Board and be an independent director (and must satisfy this description if required by statute or regulation).
- d) Members will be appointed for a fixed period of no more than three years, with Committee members generally being eligible for re-appointment for so long as they meet the relevant criteria.
- e) The appointment and removal of Committee members is the responsibility of the Board.
- f) A Committee member may resign as a member of the Committee upon reasonable notice in writing to the Committee Chair.
- g) If a Committee member ceases to be a director of the Board their appointment as a member of the Committee is automatically terminated with immediate effect.
- h) The Company Secretary is secretary to the Committee.

## 3 MEETINGS

- a) The Committee will meet at least once annually or as frequently as is required to undertake its role effectively.

- b) Any Committee member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee.
- c) The Committee may invite any executive director, or other staff member to attend all or part of a meeting of the Committee. There is an open invitation for all other non- executive directors to attend all meetings of the Committee. Management may not be in attendance while any matter relating to their conditions of employment including remuneration and performance is under discussion.
- d) The Committee may, with the approval of the Committee Chair, seek independent advice from external consultants to enable the Committee to properly carry out its functions and meet its objectives.
- e) The proceedings of all meetings will be minuted by the Company Secretary. All minutes of the Committee are available for inspection by any director of the Board.
- f) A quorum for any meeting will be at least two Committee members.
- g) The Committee may request the Chief People Officer to provide any information or carry out any task that may be necessary to enable the Committee to properly carry out its functions and meet its objectives.
- h) The Committee must obtain approval from the Committee Chair before obtaining advice from external consultants.

### 4 DUTIES AND RESPONSIBILITIES

The Committee's key responsibilities and functions are to assist the Board in discharging its responsibilities in relation to the Company's:

- a) Recruitment
  - i) Review and recommend to the Board the employment and remuneration arrangements for the Managing Director & CEO and Executives, undertaking appropriate checks (including as to the person's character, experience, education, criminal record and bankruptcy history) before appointment; and
  - ii) Ensure the Company enters into a written agreement setting out the appointment terms with the individual personally (except where a bona fide professional services firm is being engaged on an outsourced basis, in which case, the agreement may be with that entity).
- b) Remuneration
  - i) Review and recommend to the Board for approval the remuneration packages (including fixed remuneration, short term and long-term incentives and any other benefits or arrangements) of the Managing Director & CEO and Executives;
  - ii) Ensure the incentives for the Managing Director & CEO and Executives encourages them to pursue growth and success without rewarding conduct contrary to the Company's statement of values or risk appetite;
  - iii) Review and recommend to the Board for approval the remuneration arrangements for Non- Executive Directors;
  - iv) Monitor compliance with the Non-Executive Director remuneration pool as established by the remuneration framework in accordance with the Constitution, or as subsequently amended by shareholders, and recommending any changes to the pool;
  - v) Engage as appropriate external remuneration consultants, to a fee cap of \$50,000 per annum without Board approval;
  - vi) Review and recommend to the Board for approval short and long-term incentive plans, including plan terms & conditions, performance conditions if any, invitations to participate in offers, assessment of achievement against performance conditions (if any) and the final level of any payments, grants or allocations;
  - vii) Review and recommend to the Board for approval equity plans and employee benefit plans, including the administration, operation and interpretation of and amendments to the terms of existing plans;

- viii) Review and recommend to the Board for approval to defer, reduce or claw back performance-based remuneration from the Managing Director & CEO, Executives and Senior Management where appropriate;
  - ix) Oversee remuneration related disclosures required in annual statutory reporting, if any, and provide advice to the Board on approval of those disclosures. Such disclosure may include the Company's policies and practices regarding the remuneration of, the deferral of performance-based remuneration and the potential reduction, cancellation or claw back of any performance-based remuneration from the Managing Director & CEO, Executives and Senior Management in the event of serious misconduct or a material misstatement in the Company's financial statements;
  - x) Monitor compliance with applicable legal and regulatory requirements associated with remuneration matters as well as changes in the legal and regulatory framework in relation to remuneration;
  - xi) Review and recommend to the Board for approval the remuneration report prepared in accordance with the Corporations Act 2001 (Cth) to be published in the Company's Annual Report.
- c) Goals and Performance Review
- i) Review and recommend to the Board for approval individual goals for the Managing Director & CEO;
  - ii) Review the individual goals for Executives set by the Managing Director & CEO;
  - iii) Assist the Board in relation to the performance evaluation of the Managing Director & CEO and Executives, including reviewing performance against individual goals and the terms of their employment contracts and advising the Board on the outcomes of the performance reviews and any recommended actions.
- d) Succession Planning
- i) Review succession and development plans for the Managing Director & CEO and Executives to ensure an appropriate balance of skills, experience, diversity and expertise and advising the Board on the outcomes of the succession plan reviews and any recommended actions.
- e) Inclusion and Diversity
- i) Review and recommend to the Board to approve the Company's Inclusion & Diversity Policy at least annually;
  - ii) Review and recommend to the Board to approve strategies for achieving diversity in the composition of the Board, Executive Team and workforce generally;
  - iii) Monitor and assist the Board in the annual review of any Company measurable objectives for achieving diversity and progress in achieving those objectives;
  - iv) Monitor and assist the Board in relation to remuneration gender parity matters.
- f) Culture
- i) Review progress against overall People priorities, being controls to Risks (threats and opportunities) in relation to achievement of the Company Strategy;
  - ii) Review system, symbols and the Arafura behavioural framework to ensure that they are aligned with and assist in the achievement of the Company's Strategy and desired culture;
  - iii) Monitor developments in relevant employment and workplace legislation and regulations and monitor Arafura's compliance with such relevant legislation;
  - iv) Monitor Whistleblower reports insofar as they relate to people and remuneration matters and refer any material reports to the Board as required;
  - v) Review the results of workforce engagement and culture surveys and monitor the progress of any management actions undertaken in response to these surveys;
  - vi) Review Learning & Development strategies, frameworks and programs to ensure alignment to delivery of the Company's Strategy.
- g) Board Composition and Performance
- i) Determine the appropriate size, composition and diversity of the Board;

- ii) Determine the appropriate criteria (necessary and desirable skills and experience) for appointment of directors;
- iii) Make recommendations for the appointment, composition, re-election and removal of directors;
- iv) Make recommendations for the composition of Board committees;
- v) Determine the terms and conditions of appointment to and retirement from the Board;
- vi) Ensure that an effective induction process is in place for newly appointed directors (including, where appropriate, training on key accounting matters and on the responsibilities of directors in relation to the Company's financial statements) and review of those induction procedures;
- vii) Regularly assess whether the directors as a group have the skills, knowledge and experience to deal with new and emerging business and governance issues;
- viii) Ensure that continuing directors are provided with appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as a director effectively;
- ix) Ensure evaluation of the Board, its committees and directors performance, in accordance with the Company's Process for Performance Evaluations;
- x) Appoint, review the performance of, remunerate and replace the chair of the Board;
- xi) Determine the time non-executive directors are expected to devote to the Company's affairs and whether non-executive directors are meeting that requirement

## 5 REPORTING

- a) The Committee will:
  - i) Regularly report to the Board on all matters relevant to the Committee's role and responsibilities;
  - ii) Report and, as appropriate, make recommendations to the Board after each Committee meeting on matters dealt with by the Committee; and
  - iii) As and when appropriate, seek direction and guidance from the Board on remuneration, people and culture risk management and compliance matters.
- b) Minutes of Committee meetings will be included in the papers for the next full Board meeting as soon as practically possible.

## 6 BOARD SELECTION AND APPOINTMENT PROCESS

- a) In searching for and selecting new directors for the Board, the Committee may adopt certain criteria to make recommendations to the Board, including the candidate's background, experience, professional skills, personal qualities, gender, capability of the candidate to devote the necessary time and commitment to the role, potential conflicts of interest and independence and whether their skills and experience will complement the existing Board.
- b) With respect to the selection of candidates for the Board:
  - i) The Committee will develop a Board skills matrix to identify any 'gaps' in the skills and experience of the directors on the Board, and if thought appropriate, will implement such a matrix and disclose it in the Company's corporate governance statement;
  - ii) The Committee will take into consideration the Company's Diversity Policy in selecting new directors for the Board;
  - iii) The Committee will obtain assistance from professional intermediaries to identify and assess the suitability of Board candidates;
  - iv) The Committee will undertake appropriate checks in respect of each candidate;
  - v) The names of candidates submitted for election or re-election as directors at a shareholder meeting should be accompanied in the notice of meeting by all material information in its possession relevant to a decision on whether or not to elect or re-elect a director, including:

- A) Confirmation that the Company has conducted appropriate checks into the candidate's background and experience and if those checks have revealed any information of concern;
- B) Biographical details, including skills, experience, competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate;
- C) A statement by the Board as to whether it supports the nomination of the proposed candidate(s) and a summary of the reasons why;
- D) Details of relationships between:
  - I. the candidate and the Company; and
  - II. the candidate and directors of the Company;
- E) Directorships held;
- F) Particulars of other positions which involve significant time commitments to ensure sufficient time to fulfil their responsibilities as a director;
- G) Any interests, positions, associations or relationships that might influence, or reasonably be perceived to influence, in a material respect that candidate's capacity to bring independent judgement on matters before the Board;
- H) The term of office currently served by any director subject to re- election;
- I) Any other particulars required by law; and
- J) Any other matters identified as relevant when identifying and considering candidates for the Board.

## 7 COMMITTEE PERFORMANCE

- a) The Board will, at least once in each year, review the membership of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.
- b) The Committee shall make an evaluation of its performance at least once every two years to determine whether it is functioning effectively by reference to current best practice.

## 8 REVIEW

- a) The Committee will review this Charter annually or as often as it considers necessary.
- b) The Board may change this Charter (including the responsibilities of the Committee) from time to time by resolution