



REMUNERATION & NOMINATION COMMITTEE CHARTER

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1 ROLE

The role of the Remuneration & Nomination Committee is to assist the Board of Directors (**Board**) of Australian Potash Limited (**Company**) in monitoring and reviewing any matters of significance affecting the composition of the Board and executive team and the remuneration of the Board and employees of the Company. This Charter defines the Remuneration & Nomination Committee's function, composition, mode of operation, authority and responsibilities.

2 COMPOSITION

The Board will strive to adhere to the following composition requirements for the Committee where at all possible. However, the Board acknowledges that the composition of the Board may not allow adherence to the following composition requirements from time to time.

- (a) The Committee shall comprise at least three non-executive Directors, the majority of whom must be independent in accordance with the criteria set out in Annexure A, one of whom will be appointed the Chair of the Committee.
- (b) The Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution.

If a Committee member or meeting attendee has a conflict of interest in a matter to be discussed this must be indicated at the commencement of the meeting and the Committee will have the discretion to allow the person to participate in the relevant item or not.

3 PURPOSE

The primary purpose of the Committee is to support and advise the Board in fulfilling its responsibilities to shareholders by:

- (a) maintaining a Board that has an appropriate mix of skills, knowledge of the Company and the industry in which it operates and experience to be an effective decision-making body;
- (b) ensuring that the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance;
- (c) reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- (d) ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- (e) recommending to the Board the remuneration of executive Directors;

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- (f) fairly and responsibly rewarding executives having regard to the performance of the Company and its subsidiaries, the performance of the executive and the prevailing remuneration expectations in the market without rewarding conduct that is contrary to the Company's values or risk appetite and having regard to the Company's commercial interest in controlling expenses;
- (g) ensuring incentives for non-executive Directors do not conflict with their obligation to bring an independent judgement to matters before the Board;
- (h) reviewing the Company's recruitment, retention and termination policies and procedures for senior management;
- (i) reviewing and approving the remuneration of direct reports to the Managing Director & CEO, and, as appropriate, other senior executives; and
- (j) reviewing and approving any equity-based plans and other incentive schemes.

4 DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

4.1 Board Composition

- (a) Periodically review and consider the structure and balance of the Board and make recommendations regarding appointments, retirements and terms of office of Directors.
- (b) Make recommendations to the Board on the appropriate size and composition of the Board.
- (c) Identify and recommend to the Board candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after an assessment of how the candidates can contribute to the strategic direction of the Company.
- (d) Undertake appropriate checks before appointing a Director or senior executive or putting forward to shareholders a candidate for election, as a Director, including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate).
- (e) Ensure that all material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to shareholders in the Notice of Meeting containing the resolution to elect or re-elect a Director, including:
 - i) biographical details (including relevant qualifications and experience and skills);
 - ii) details of any other material directorships currently held by the candidate;
 - iii) where standing as a Director for the first time, confirmation that the entity has conducted appropriate checks into the candidate's background and experience and any material adverse information revealed by those checks, details of any interest, position or relationship that might materially influence their capacity to be independent and act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or other party, and a statement whether the Board considers the candidate is considered to be independent;
 - iv) where standing for re-election as a Director, the term of office served by the Director and a statement as to whether the Board considers the candidate to be independent; and

- v) a statement by the Board whether it supports the election or re-election of the candidate and a summary of the reasons why.
- (f) Ensure that each Director and senior executive is personally a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment. For these purposes, a senior executive is a member of key management personnel (as defined in the *Corporations Act 2001* (Cth)), other than a Director. Where the Company engages a bona fide professional services firm to provide a chief financial officer, Company Secretary or other senior executive on an outsourced basis, the agreement may be between the entity and the professional services firm.
- (g) Ensure that Directors or senior executives who are provisionally appointed give an unequivocal undertaking to resign should the Company receive an outstanding check that it considers unsatisfactory.
- (h) Prepare and maintain a Board skills matrix setting out the measurable mix of skills and diversity that the Board currently has (or is looking to achieve) to ensure the Board has the skills to discharge its obligations effectively and to add value and to ensure the Board has the ability to deal with new and emerging business and governance issues. The Company must disclose this matrix in, or in conjunction with, its Annual Report.
- (i) Develop and monitor progress against measurable objectives and strategies to meet the objectives of the *Diversity Policy (APC-CP-BG-PY-0002)* and report to the Board on an annual basis.
- (j) Approve and review induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
- (k) Assess and consider the time required to be committed by a non-executive Director to properly fulfil their duty to the Company and advise the Board.
- (l) Consider and recommend to the Board candidates for election or re-election to the Board at each annual shareholders' meeting.
- (m) Review directorships in other public companies held by or offered to Directors and senior executives of the Company.
- (n) Review succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board.
- (o) Arrange an annual performance evaluation of the Board, its committees, individual Directors and senior executives as appropriate (refer *Performance Evaluation Policy (APC-CP-BG-PY-0005)*). Such review will include a consideration of the currency of each Director's knowledge and skills and whether the Director's performance has been impacted by any other commitments.

4.2 Executive Remuneration Policy

- (a) Review and approve the Company's recruitment, retention and termination policies and procedures for senior executives to enable the Company to attract and retain executives and Directors who can create value for shareholders.

- (b) Review the ongoing appropriateness and relevance of the executive remuneration policy and other executive benefit programs.
- (c) Ensure that remuneration policies fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and prevailing remuneration expectations in the market without rewarding conduct that is contrary to the Company's values or risk appetite and having regard to the Company's commercial interest in controlling expenses.

4.3 Executive Directors and Senior Management Remuneration

- (a) Consider and make recommendations to the Board on the remuneration for each executive Director (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy.
- (b) Review and approve the proposed remuneration (including incentive awards, equity awards and service contracts) for the direct reports of the Managing Director & CEO. As part of this review the Committee will oversee an annual performance evaluation of the senior executive team. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.
- (c) Approve changes to the remuneration or contract terms of executive Directors and direct reports to the Managing Director & CEO.
- (d) Approve termination payments to executive Directors or direct reports to the Managing Director & CEO. Termination payments to other departing executives should be reported to the Committee at its next meeting.

4.4 Executive Incentive Plans (including Equity Based Plans)

- (a) Review and approve the design of any executive incentive plans (**Plan/s**).
- (b) Ensure incentives for non-executive Directors do not conflict with their obligation to bring an independent judgement to matters before the Board.
- (c) Review and approve any Plans that may be introduced in light of legislative, regulatory and market developments.
- (d) For each Plan, determine each year whether awards will be made under that Plan.
- (e) Review and approve total proposed awards under each Plan.
- (f) In addition to considering awards to executive Directors and direct reports to the Managing Director & CEO, review and approve proposed awards under each Plan on an individual basis for executives as required under the rules governing each Plan or as determined by the Committee.
- (g) Review, approve and keep under review performance hurdles for each Plan.
- (h) Review, manage and disclose the policy (if any) under which participants to a Plan may be permitted (at the discretion of the Company) to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Plan.

4.5 Other

- (a) Perform other duties and activities that the Committee or the Board consider appropriate.

5 SECRETARY

- (a) The Company Secretary or their nominee shall be the secretary of the Committee (**Secretary**) and shall attend meetings of the Committee as required.
- (b) The Secretary will be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and to the other members of the Board.
- (c) The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

6 MEETINGS

- (a) The Committee will meet at least once a year and additionally as circumstances may require.
- (b) Meetings are called by the Secretary as directed by the Board or at the request of the Chair of the Committee.
- (c) A quorum shall consist of two (2) members of the Committee. In the absence of the Chair of the Committee or their nominee/s, the members shall elect one (1) of their members as chair of that meeting.
- (d) Where deemed appropriate by the Chair of the Committee, meetings and subsequent approvals and recommendations may be held or concluded by way of a circular written resolution or conference call.
- (e) Decisions will be based on a majority of votes with the Chair having a casting vote.
- (f) The Chair of the Committee, through the Secretary, will prepare a report of the actions of the Committee to be included in the Board papers for the next Board meeting.
- (g) The Committee may invite executive management team members or other individuals, including external third parties, to attend meetings of the Committee, as they consider appropriate.

7 RELIANCE ON INFORMATION OR PROFESSIONAL OR EXPERT ADVICE

Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- (a) an employee of the Company whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
- (c) another Director or officer of the Company in relation to matters within the Director's or officer's authority.

8 ACCESS TO ADVICE

- (a) Members of the Committee have rights of access to management and to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.
- (b) The Committee may consult independent experts to assist it in carrying out its duties and responsibilities. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

9 REVIEW OF CHARTER

- (a) The Board will conduct an annual review of the membership to ensure that the Committee has carried out its functions in an effective manner and will update this Charter as required or as a result of new laws or regulations.
- (b) This Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted on the Company's website.

10 REPORT TO THE BOARD

- (a) The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee's role and responsibilities.
- (b) The Committee must brief the Board promptly on all urgent and significant matters.
- (c) The Company must disclose the policies and practices regarding the nomination and remuneration of non-executive Directors, executive Directors and other senior executives in the Annual Report and as otherwise required by law.

ANNEXURE A – DEFINITION OF INDEPENDENCE

As presented in *Box 2.3: Factors relevant to assessing the independence of a director* in the ASX Corporate Governance Council Corporate Governance Principles and Recommendations – 4th edition.

Examples of interests, positions and relationships that might raise issues about the independence of a director include if the director:

- (a) is, or has been, employed in an executive capacity by the Company or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- (b) receives performance-based remuneration (including options or performance rights), or participates in an employee incentive scheme of the Company;
- (c) is, or has been within the last three years, in a material business relationship (eg. as a supplier, professional adviser, consultant or customer) with the Company or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship;
- (d) is, represents, or is or has been within the last three years an officer or employee of, or professional adviser to, a substantial holder of the Company;
- (e) has close personal ties with any person who falls within any of the categories described above; or
- (f) has been a director of the Company for such a period that their independence from management and substantial holders may have been compromised.

In each case, the materiality of the interest, position or relationship needs to be assessed by the Board to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or other party.