



## **Board charter**

**Lynas Corporation Limited**  
ACN 009 066 648

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# Lynas Corporation Limited

ACN 009 066 648

(Company)

## Board charter

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### 1. Introduction

1.1 This Charter sets out:

- (1) the functions and responsibilities of the Board and management of the Company; and
- (2) those matters expressly reserved to the Board and those matters delegated to management.

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### 2. Definitions

2.1 In this Charter:

- (1) **Board** means the board of directors of the Company;
- (2) **CEO** means the Chief Executive Officer;
- (3) **CFO** means the Chief Financial Officer;
- (4) **Chair** means the chair of the Board;
- (5) **Charter** means this Board Charter;
- (6) **Constitution** means the Company's constitution; and
- (7) **Secretary** means the Company secretary.

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### 3. Responsibilities of the Board

3.1 The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include:

- (1) demonstrating leadership;
- (2) approving the Company's Values and Code of Conduct;
- (3) reviewing and leading the development of the Company's culture;
- (4) oversight of the Company, including its control and accountability systems;
- (5) electing the Chair in accordance with the Constitution;

- (6) appointing and removing the CEO (or equivalent), including approving remuneration of the CEO and the remuneration policy and succession plans for the CEO;
- (7) ratifying the appointment and, where appropriate, the removal of the CFO (or equivalent) and the Secretary;
- (8) input into, and final approval of, management's development of corporate strategy and performance objectives;
- (9) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- (10) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- (11) approving and monitoring the progress of budgets, major capital expenditure, capital management and acquisitions and divestitures;
- (12) approving and monitoring financial and other reporting;
- (13) overseeing the Company's process for making timely and balanced disclosure of material information to the market;
- (14) satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board;
- (15) whenever required, challenging management and holding it to account;
- (16) appointment and composition of committees of the Board;
- (17) on recommendation of the Audit & Risk Committee, appointment of external auditors and overseeing the external audit;
- (18) setting the risk appetite for the Company, overseeing its risk management framework and satisfying itself that the framework is sound;
- (19) overseeing the strategic planning of the Company, including periodically reviewing key business risks of the Company and providing suggestions and guidance on the management of those risks;
- (20) on recommendation of the Nomination, Remuneration & Community Committee, satisfying itself that the Company's remuneration policies are appropriate, and initiating Board and director evaluation; and
- (21) monitoring the effectiveness of the Company's governance practices.

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## **4. Composition of the Board**

### **4.1 Size**

The number of directors may be increased where it is highlighted that additional expertise is required in specific areas, or when an outstanding candidate is identified.

#### 4.2 Independent directors

- (1) The majority of directors of the Company will be independent, non-executive directors.
- (2) An independent director is non-executive when he or she is not a member of management and when he or she:
  - (a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder of the Company (as defined in section 9 of the *Corporations Act 2001*);
  - (b) has not, within the last 3 years, been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
  - (c) has not, within the last 3 years, been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
  - (d) is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated, directly or indirectly, with a material supplier or customer;
  - (e) has no material contractual relationship with the Company or another group member other than as a director of the Company;
  - (f) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
  - (g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

#### 4.3 Expertise

- (1) The Board shall ensure that, collectively, it has the appropriate range of expertise to properly fulfil its responsibilities, including:
  - (a) accounting;
  - (b) finance;
  - (c) business;
  - (d) the Company's industry;
  - (e) legal skills; and
  - (f) CEO-level experience.
- (2) The Board shall review the range of expertise of its members on a regular basis and ensure that it has operational and technical expertise relevant to the operation of the Company.

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## **5. Appointment of directors**

- 5.1 Directors are appointed in accordance with the terms of the Constitution.
- 5.2 Subject to the number of directors allowed under the Constitution, a director may be appointed by an ordinary resolution of the Company in a general meeting. Where a director's position becomes vacant in between such elections, the Board may appoint a replacement director. Such a replacement director will only hold office until the next annual general meeting of the Company.
- 5.3 The terms and conditions of the appointment and retirement of members of the Board will be set out in a letter of appointment, which shall include the following matters:
- (1) the term of the appointment, subject to member approval;
  - (2) time commitments envisaged;
  - (3) the powers and duties of directors;
  - (4) any special duties or arrangements attaching to the position;
  - (5) circumstances in which an office of director becomes vacant;
  - (6) expectations regarding involvement with committee work;
  - (7) remuneration and expenses;
  - (8) superannuation arrangements;
  - (9) the requirement to disclose directors' interests and any matters which affect the director's independence;
  - (10) fellow directors;
  - (11) trading policy governing dealings in securities and related financial instruments by directors, including notification requirements;
  - (12) induction, training and continuous education arrangements;
  - (13) access to independent professional advice;
  - (14) indemnity and insurance arrangements;
  - (15) confidentiality and rights of access to corporate information; and
  - (16) a copy of the Constitution.

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## **6. Independent professional advice**

- 6.1 To facilitate independent judgement in decision-making, each director has the right to seek independent professional advice at the Company's expense. However, prior approval from the Chair is required, which may not be unreasonably withheld.

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## 7. Allocation of responsibilities

### 7.1 Chair

- (1) The Board elects the Chair in accordance with the Constitution. A lead independent director (**Lead Independent Director**) may also be elected.
- (2) The Chair will be selected on the basis of the person's achievements and record as a leader.
- (3) The position of Chair will be reviewed by the Board at the first Board meeting following the annual general meeting. The Chair authorises the expenses of all the other directors and the CEO.
- (4) The Chair is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function, and for the briefing of all directors in relation to issues arising at Board meetings.
- (5) The Chair's specific duties are to:
  - (a) chair Board meetings. If the Chair is not present within 15 minutes after the time appointed for the holding of a meeting (or if the Chair is precluded by a material personal interest from assuming this role), the Lead Independent Director will assume this role; if the Lead Independent Director is not present, a director chosen by a majority of directors present shall assume this role;
  - (b) promote constructive and respectful relations between directors and between the Board and management;
  - (c) establish the agenda for Board meetings;
  - (d) ensure Board minutes properly reflect Board decisions;
  - (e) be the spokesperson for the Company at the annual general meeting and in the reporting of performance and profit figures; the CEO or the CEO's nominee will undertake all other public relations activities;
  - (f) regularly review with senior officers, progress on important initiatives and significant issues facing the Company; and
  - (g) commence the annual process of Board and director evaluation.
- (6) The Chair is not entitled to vote or participate in the deliberations on any matter in which he or she has a personal interest, unless there is compliance with the conflict of interest provisions under the Constitution.
- (7) The Chair may be removed from office in accordance with the Constitution.

### 7.2 Individual directors

In accordance with statutory requirements and in keeping with developments at common law, directors have the following responsibilities:

- (1) exercise their powers and discharge their duties in good faith and in the best interests of the Company;

- (2) use their powers of office for a proper purpose and not for personal advantage or for the benefit of another party;
- (3) use due care and diligence;
- (4) make a reasonable effort to become and remain familiar with the affairs of the Company;
- (5) attend all Board meetings and Board functions unless there are valid reasons for non-attendance; and
- (6) commit the necessary time and energy to Board matters to ensure that they are contributing their best endeavours in the performance of their duties for the benefit of the Company, without placing undue reliance on other directors to fulfil these duties.

### 7.3 The CEO

- (1) The CEO is appointed by the Board.
- (2) The CEO is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board.
- (3) The CEO's responsibilities include:
  - (a) developing with the Board, a consensus for the Company's strategic objectives and values;
  - (b) constructing, with the Company's management team, programs to implement the strategic objectives and values;
  - (c) negotiating the terms and conditions of appointment of senior executives for Board approval;
  - (d) appointing the senior management team;
  - (e) endorsing the terms and conditions of appointment of all other staff members;
  - (f) providing strong leadership to, and effective management of, the Company in order to:
    - (i) encourage co-operation and teamwork;
    - (ii) build and maintain staff morale at a high level; and
    - (iii) build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
  - (g) ensuring a safe workplace for all personnel;
  - (h) ensuring a culture of compliance generally, and specifically in relation to environmental matters;
  - (i) carrying out the day-to-day management of the Company;



- (j) forming other committees and working parties from time to time to assist in the orderly conduct and operation of the Company;
  - (k) keeping the Board informed, at an appropriate level, of all material activities of the Company, including compliance with regulatory requirements, the values and the code of conduct; and
  - (l) ensuring that all personnel act with the highest degree of ethics and probity.
- (4) The Board formally delegates the power to the CEO to authorise all expenditures as approved in the budget, subject to the appointment of individuals to specific management roles while being the responsibility of the CEO, the terms and conditions under which appointed individuals report to the CEO must be approved by the Nomination, Remuneration & Community Committee.

#### 7.4 **Secretary**

- (1) The Secretary is generally responsible for carrying out the administrative and legislative requirements of the Board. The Secretary holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively.
- (2) The Secretary is appointed in accordance with the Constitution.
- (3) The specific tasks of the Secretary include:
  - (a) overseeing the Company's compliance program and ensuring all Company legislative obligations are met;
  - (b) ensuring that the agenda and briefing materials for Board meetings are prepared and forwarded to directors in a timely and effective manner;
  - (c) recording, maintaining and distributing the minutes of all Board and Board subcommittee meetings as required;
  - (d) preparing for and attending all general meetings of the Company and ensuring that the correct procedures are followed;
  - (e) recording, maintaining and distributing the minutes of all annual and extraordinary general meetings of the Company;
  - (f) meeting statutory reporting requirements in accordance with relevant legislation; and
  - (g) any other services the CEO or Chair may require.

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## 8. **CEO and CFO assurances**

- 8.1 It is the responsibility of both the CEO (or equivalent) and the CFO (or equivalent) to provide written assurances to the Board that in all material respects:
- (1) the financial reports submitted to the Board present a true and fair view of the Company's financial condition and operational results; and

- (2) the Company's risk management and internal compliance and control system is operating efficiently and effectively.

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## **9. Committees**

### **9.1 Establish committees**

To assist with the execution of its responsibilities, the Board has the authority to establish and determine the powers and functions of the committees of the Board, including the Audit & Risk Committee, the Nomination, Remuneration & Community Committee and the Health, Safety & Environment Committee. Each Board committee is to document a charter, approved by the Board, setting out its responsibilities.

### **9.2 Nomination, Remuneration & Community Committee**

- (1) The role and responsibilities, composition, structure and membership requirements of the Nomination, Remuneration & Community Committee are set out in detail in a Nomination, Remuneration & Community Committee Charter approved by the Board.
- (2) The Nomination, Remuneration & Community Committee consists of a majority of independent directors. The Nomination, Remuneration & Community Committee should be chaired by an independent director.
- (3) The responsibilities of the Nomination, Remuneration & Community Committee include:
  - (a) executive remuneration and incentive policies;
  - (b) the remuneration packages of senior management;
  - (c) the Company's recruitment, retention and termination policies and procedures for senior management;
  - (d) incentive schemes;
  - (e) superannuation arrangements;
  - (f) the remuneration framework for directors;
  - (g) assessment of the necessary and desirable competencies of Board members;
  - (h) review of Board succession plans;
  - (i) evaluation of the Board's performance; and
  - (j) recommendations for the appointment and removal of directors.

### **9.3 Audit & Risk Committee**

- (1) The role and responsibilities, composition, structure and membership requirements of the Audit & Risk Committee are documented in a separate Audit & Risk Committee Charter.

- (2) The Audit & Risk Committee consists of:
  - (a) only non-executive directors;
  - (b) a majority of independent directors;
  - (c) an independent chair, who is not the Chair of the Board; and
  - (d) at least 3 members.
- (3) The Audit & Risk Committee must review the integrity of the Company's financial reporting and oversee the independence of the external auditors.
- (4) The Audit & Risk Committee will provide the Board with key assurances in relation to the Company's processes for managing risk. That role includes reviewing and making recommendations to the Board in relation to:
  - (a) the risk appetite for the Company,
  - (b) key business risks of the Company,
  - (c) the adequacy of the Company's processes for managing risk,
  - (d) any incident involving fraud or other break down of the Company's internal controls,
  - (e) the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business.
- (5) In addition, the Audit & Risk Committee will review the Company's risk management framework at least annually to satisfy itself that it continues to be sound.

#### **9.4 Health, Safety & Environment Committee**

- (1) The role and responsibilities, composition, structure and membership requirements of the Health, Safety & Environment Committee are documented in a separate Health, Safety & Environment Committee Charter.
- (2) The role of the Health, Safety & Environment Committee is to review and make recommendations to the Board in relation to:
  - (a) the adequacy of the Company's processes for managing HSE issues;
  - (b) any incident involving a fatality, a Lost Time Injury or environmental harm;
  - (c) the appropriateness of the Company's reporting of HSE issues, and
  - (d) the adequacy of internal and external resources used by the Company to manage HSE issues.

#### **9.5 Code of Conduct**

- (1) To promote ethical and responsible decision-making, the Board must approve a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

- (2) The Code of Conduct may deal with areas such as the following:
- (a) conflicts of interest;
  - (b) confidentiality;
  - (c) fair dealing;
  - (d) compliance with laws and regulations;
  - (e) corporate opportunities;
  - (f) protection and proper use of the Company's assets;
  - (g) encouraging the reporting of unlawful, unethical behaviour;
  - (h) responsibilities to shareholders and the financial community generally;
  - (i) responsibilities to clients, customers and consumers;
  - (j) employment practices;
  - (k) obligations relative to fair trading and dealing;
  - (l) responsibilities to the individual;
  - (m) responsibilities to the community;
  - (n) how the Company complies with legislation affecting its operations; and
  - (o) how the Company monitors and ensures compliance with the Code.
- (3) Directors and employees must comply with the Code of Conduct and demonstrate commitment to the Code and consistency in its execution. Adherence to the Code of Conduct must be periodically evaluated and immediate action taken where necessary.

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## 10. Policies

### 10.1 Establish policies

The Board (or appropriate Board committee) is responsible for establishing policies relating to the following matters.

### 10.2 Share trading

- (1) The Company's share trading policy (**Share Trading Policy**) shall document the Company's policy relevant to trading in company securities by directors, officers and employees.
- (2) The Share Trading Policy must clearly identify those individuals who are restricted from trading, the relevant laws relating to trading, and include a coherent strategy for trading.

### 10.3 **Communications strategy with shareholders**

- (1) The Company's communications strategy (**Shareholder Communications Policy**) is designed to promote effective communication with shareholders and encourage participation at general meetings.
- (2) The Shareholder Communications Policy should include policies and procedures relating to use of the Company's website as a means of communicating with shareholders.

### 10.4 **Disclosure**

- (1) The Company's disclosure policy (**Continuous Disclosure Policy**) is designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.
- (2) The Disclosure Policy shall include vetting and authorisation processes designed to ensure that Company accounts:
  - (a) are made in a timely manner;
  - (b) are factual;
  - (c) do not omit material information; and
  - (d) are expressed in a clear and objective manner that allows the input of the information when making investment decisions.