



Remuneration Committee Charter

Atlas Iron Limited

1. INTRODUCTION

Atlas Iron Limited (**Atlas**) is committed to implementing and maintaining the highest standards of corporate governance. In determining what those standards should involve, Atlas has turned to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition).

The Board of Directors (**Board**) of Atlas has resolved to establish a Remuneration Committee of the Board (**Committee**).

The Board has approved this Charter which prescribes the role and responsibilities, composition, structure and membership requirements for the Committee.

2. DEFINITIONS

2.1 Key Management Personnel

The term Key Management Personnel includes those people having authority and responsibility for planning, directing, and controlling the activities of Atlas, either directly or indirectly. Key Management Personnel includes both Atlas' executive and non-executive directors.

2.2 Remuneration Consultant

A Remuneration Consultant is a person who is not an employee or officer of Atlas and who provides remuneration recommendations for one or more members of the Key Management Personnel under a contract for services with Atlas.

3. ROLE

The role of the Committee is to:

- enable Atlas to attract, retain and motivate high quality senior executives who create value for shareholders;
- support and advise the Board in developing Atlas' remuneration, recruitment, retention and termination policies;
- assist the Board to fulfil its responsibility to shareholders to ensure that remuneration policy and practices reward fairly and responsibly, having regard to legal requirements and sound corporate governance.

The Committee is accountable to the Board for its performance.

The specific duties and responsibilities of the Committee are outlined below.

4. AUTHORITY

Within the scope of its duties and responsibilities, the Committee is generally authorised to:

- (a) consult with and seek any information from Key Management Personnel, employees of Atlas or any external party (including consultants, financial and legal advisers) and access all relevant company records (except in circumstances where there is a conflict of interest);
- (b) obtain (at Atlas' expense) financial, legal or other professional advice from external consultants or specialists it considers necessary to assist the Committee in meeting its responsibilities; and
- (c) require the attendance of any Atlas employee or external advisers at Committee meetings, if it is considered necessary.

5. COMPOSITION

Committee members are appointed by the Board for a term considered appropriate by the Board. The Board may appoint additional independent non-executive directors to the Committee and may remove or replace members of the Committee by ordinary resolution.

Where practical, the Committee should contain:

- (a) a majority of independent directors; and
- (b) at least three members.

If Atlas is included in the S&P/ASX 300 Index at the start of its financial year, the Committee must be comprised solely of non-executive directors for the entire duration of that financial year.

Members of the Committee may withdraw from the Committee by notifying the Board in writing.

Where practical, the Chairman of the Committee should be an independent director appointed by the Board, and must not be the Chairman of the Board.

All persons appointed to the Committee must have sufficient professional expertise, knowledge and understanding to allow them to discharge their responsibilities.

6. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are as set out in this section. The Board may (from time to time) delegate other responsibilities and functions to the Committee.

6.1 Remuneration

The purpose of the Committee is to assist the Board in satisfying its responsibilities to Atlas shareholders by:

- (a) reviewing and approving an executive remuneration policy for Key Management Personnel that:
 - (i) encourages Key Management Personnel to pursue the growth and success of Atlas (both in the short term and over the longer term) without taking undue risks;
 - (ii) balances Atlas' desire to attract and retain Key Management Personnel against its interest in not paying excessive remuneration;
 - (iii) provides an appropriate balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to Atlas' circumstances and goals;
 - (iv) clearly distinguishes the structure of non-executive remuneration from that of executive directors and senior executives.
 - (v) motivates Key Management Personnel to pursue the long-term growth and success of Atlas; and
 - (vi) demonstrates a clear relationship between Key Management, Personnel's performance and remuneration;
- (b) reviewing and monitoring the ongoing appropriateness and relevance of the remuneration policy;
- (c) reviewing and commenting on equity-based remuneration plans for Key Management Personnel and other employees;
- (d) reviewing and commenting on superannuation arrangements;
- (e) reviewing and commenting on remuneration by gender;
- (f) reviewing whether there is any gender bias or other inappropriate bias in remuneration for directors, senior executives or other employees
- (g) appointing Remuneration Consultant(s) for Atlas, and receiving, reviewing and considering their recommendation(s), each in accordance with Atlas' policy on the use of Remuneration Consultants and the overarching requirements of the Corporations Act 2001 (Cth) (**Corporations Act**); and
- (h) when making the above recommendations to the Board:
 - (i) considering whether, and if so when, shareholder approval of aspects of the remuneration policy is required;
 - (ii) considering the ASX Corporate Governance Council's guidelines in respect of executive remuneration packages and non-executive director

remuneration set out under Principle 8 of the ASX Corporate Governance Principles and Recommendations;

- (iii) ensuring that both cash and equity-based remuneration is structured in accordance with the thresholds and restrictions under Atlas' constitution, the ASX Listing Rules and the Corporations Act; and
- (iv) ensuring that Atlas meets its obligations in respect of all other remuneration matters under the ASX Listing Rules and the Corporations Act, including Atlas' disclosure obligations.

6.2 Recruitment, Retention and Termination

The Committee will review and make recommendations to the Board in relation to Atlas' policies and practices relating to recruitment, training, retention and promotion, review and appraisal of performance and termination of employment of Key Management Personnel.

6.3 Executive Directors and Senior Management

The Committee must:

- (a) consider and make recommendations to the Board on the remuneration for each executive director and senior executive (including base pay, incentive payments, equity awards, retirement rights, termination payments, service contracts) having regard to remuneration policy; and
- (b) review and approve the proposed remuneration (including incentive awards, equity awards and service contracts) for each executive director and senior executive.

6.4 Succession Planning of Key Management Personnel

The Committee will develop, implement and regularly review Atlas' succession plans in place for Key Management Personnel to ensure that these plans work to maintain:

- (a) an appropriate balance of skills, experience and expertise is maintained;
- (b) to ensure the continued ability of Atlas to compete effectively in the marketplace; and
- (c) an appropriate structure and composition of senior management,

taking into account the challenges and opportunities facing Atlas.

6.5 Non-Executive Directors

The Committee must:

- (a) consider and make recommendations to the Board on the remuneration for each non-executive director (as distinct from the remuneration structures of executive directors and senior executives) having regard to the remuneration policy; and

- (b) review the on-going appropriateness and relevance of the remuneration policy for non-executive directors.

6.6 Remuneration Consultants

If the Board is considering retaining a Remuneration Consultant to provide advice to the Board, the Committee must:

- (a) approve the Remuneration Consultant prior to binding documentation being entered into between Atlas and the Remuneration Consultant;
- (b) receive, review and consider the recommendation(s) of the Remuneration Consultant;
- (c) ensure that the Remuneration Consultant is sufficiently independent and the Committee has set aside sufficient time to ensure such independence;
- (d) review the appointment of the Remuneration Consultant each year having regard to their independence, their competence to provide unbiased advice to Atlas, their consultancy fees and any questions of resignation or dismissal; and
- (e) report to the Board each year on the performance of the Remuneration Consultant.

To the extent an executive director is a member of the Committee, that executive director must excuse himself or herself from, and not participate in, the matters set out above. The Committee must ensure that no executive director is provided with any recommendation(s) from the Remuneration Consultant (whether such executive director is a member of the Committee or otherwise).

6.7 Superannuation

The Committee will ensure that Atlas carries out its obligations in respect of superannuation, retirement benefits and other related benefits and entitlements.

6.8 Termination Payments

The Committee will review termination payments for Key Management Personnel to ensure that they are consistent with the rules of any incentive scheme and the remuneration policy, and that any payments are fair to the individual, and to Atlas, and that failure is not rewarded and the duty to mitigate loss is fully recognised.

6.9 Annual Reporting

The Committee will:

- (a) review the remuneration report included in Atlas' annual reports and make recommendations to the Board in relation to the remuneration report included in Atlas' annual report;

- (b) review the remuneration policy disclosures made in the corporate governance section of Atlas' annual report for consistency with the remuneration principles of the ASX Corporate Governance Principles and Recommendations;

The Company will disclose this Charter on its website and will disclose the following in its Annual Corporate Governance Statement:

- (a) Committee membership;
- (b) The relevant experience and qualifications of each Committee member;
- (c) the number of times the Committee has met during the financial year; and
- (d) the individual attendances of members at Committee meetings.

7. MEETINGS

7.1 Meeting frequency

The Committee will, where possible, meet at least twice each year or as often as the Committee members deem necessary in order to carry out the responsibilities of the Committee. Any Committee member may convene a meeting of the Committee.

7.2 Notice

Each member of the Committee must be given reasonable notice of the dates, times and venues of every Committee meeting.

7.3 Attendance

Members of the Committee, any other Directors, and the Company Secretary will usually be invited to attend all meetings. To the extent an executive director is present during a meeting of the Committee, he or she must leave the meeting when his or her own remuneration is being considered.

Non-members of the Committee may be invited to attend meetings of the Committee at the Committee's discretion, but if any such person has a material personal interest in a matter that is being considered at the relevant Committee meeting, that person must not be present when that matter is being considered.

7.4 Quorum

A quorum consists of the lesser of two Committee members or a majority of Committee members.

7.5 Committee Chairman

If the Chairman is unable to attend a Committee meeting, the Committee members present at that meeting must appoint a Committee member to chair the meeting.

7.6 Voting

Each member will have one vote and decisions are by majority vote. The Chairman does not have a casting vote where there is a tied vote. If a tied vote occurs, the motion will lapse. No Committee member can vote on any matter relating to their position on the Committee, the Board, or any Board committee.

7.7 Minutes

Formal minutes of each Committee meeting will be taken by the Company Secretary and distributed first to the Chairman of the Committee for confirmation. The minutes of the Committee will be entered into the Committee's minute book and the Committee's minute book may be inspected by any director.

8. REPORTING

The Committee must regularly update the Board about its activities and ensure that the Board is aware of any matter relating to the Committee which may significantly impact the financial condition or other affairs of Atlas. The Committee will do this by:

- (a) providing a report of the Committee's activities for inclusion in the Board papers for the next Board meeting following a Committee meeting (this report must include copies of the relevant Committee meeting agenda, papers and minutes and recommendations on any specific decisions or actions the Board should consider);
- (b) if requested, providing a summary report to the Board on its work in discharging its responsibilities during the year and the outcomes of its formal performance evaluation, for inclusion in the annual remuneration report;
- (c) if requested, the Chairman providing an oral report about any material matters arising out of a Committee meeting; and
- (d) at relevant Board meetings, providing the information that has been requested by a director.

9. REVIEW

The Remuneration Committee will, at least once in each year undertake a formal review of the membership and charter of this Committee to ensure it remains consistent with the Board's objective and responsibilities.

The Remuneration Committee must obtain approval from the Board for any recommended changes to the Committee and/or this Charter.

CONTACT DETAILS

If you are in any doubt regarding this Charter, you should contact the Company Secretary at:

Atlas Iron Limited, PO Box 7071, Cloisters Square Perth, WA 6850

Phone: 08 6228 8000

Email: info@atlasiron.com.au, Attention: the Company Secretary

Adopted by the Board: September 2016