

# REMUNERATION POLICY

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## 1. PURPOSE OF THIS POLICY

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The purpose of this Remuneration Policy is to provide the foundations when formulating and structuring management, employee and Director remuneration.

This policy aims to structure Allkem Limited's (**Allkem** or the **Company**) remuneration framework in such a way that it:

- (a) is able to attract, engage, motivate and retain talented employees;
- (b) supports the Company's business goals and strategy – with people as a key competitive advantage;
- (c) provides fair, competitive and market related remuneration ensuring an inclusive approach;
- (d) motivates Directors and Management of the Company to pursue the long-term growth and success of the Company within an appropriate risk appetite and control environment; and
- (e) demonstrates a clear relationship between performance and remuneration.

## 2. WHO THIS POLICY APPLIES TO

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This policy applies to anyone who is involved in formulating or approving remuneration for the Company. It provides a framework for the People and Remuneration Committee in evaluating Executive and Director remuneration.

## 3. REMUNERATION FRAMEWORK

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The main aspects of Allkem's Remuneration Policy are:

- (a) remuneration packages are designed to retain and motivate employees to perform to the best of their competencies, abilities and skill sets;
- (b) there is no discrimination based on race, age, role, gender, religion, country of origin, sexual orientation, marital status, dependants, disability, social class or political views;
- (c) internal equity will be maintained - positions with similar responsibilities within the Company will gain access to similar rewards;
- (d) the remuneration will be market-based and fairly reflects an employee's skills, education and experience;
- (e) compliance with all applicable laws; and
- (f) fair differentiation based on performance and skills shortage is applied to differentiate employees' contributions to achieve the Company's objectives.

#### **4. MANAGEMENT REMUNERATION**

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Key considerations when structuring Management remuneration include:

- (a) the remuneration offered should be in accordance with prevailing market conditions. Exceptional circumstances will be taken into consideration when applicable;
- (b) total remuneration packages aim to encourage and reward superior performance and the creation of shareholder value;
- (c) Management will be remunerated by an appropriate balance of fixed remuneration and performance-based remuneration;
- (d) fixed remuneration should be reasonable and fair, relative to applicable market practices and to the scale of the Company's business;
- (e) performance-based remuneration should be clearly defined in accordance with realistic goals which are aligned to the Company's short and long-term objectives;
- (f) remuneration and employment practices across the Company are aligned to appropriate best practices; and
- (g) the Company complies with all legal requirements in relation to employment practices.

#### **5. MANAGEMENT INCENTIVE PLANS**

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Incentive plans (equity and cash based):

- (a) all plans should be considered and regularly reviewed considering legal, regulatory and market requirements;
- (b) equity-based plans should be reviewed every year to determine the assignment of awards in accordance with the plan structure approved by shareholders;
- (c) the People and Remuneration Committee should review and approve total proposed awards under each plan considering the objectives outlined above; and

- (d) the People and Remuneration Committee will review, approve and keep under review the performance hurdles in relation to each equity-based plan.

## **6. NON-EXECUTIVE DIRECTOR REMUNERATION**

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In developing the structure for Non-Executive Director remuneration, the following should be considered:

- (a) Non-Executive Directors should normally be remunerated by way of fees (in the form of cash, non-cash benefits or superannuation contributions);
- (b) levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of the role;
- (c) Non-Executive Directors should not receive performance-based remuneration;
- (d) Non-Executive Directors may receive Securities as part of their remuneration, however, they should not receive options with performance hurdles attached or performance rights as part of their remuneration; and
- (e) Non-Executive Directors should not be provided with retirement benefits (other than statutory superannuation).

Fees for Non-Executive members of the Board must be defined within the aggregate amount approved by shareholders at an Annual General Meeting for the Company.

The Corporate Governance Statement will detail any departures from ASX Corporate Governance Recommendation 8.2, if required.

## **7. DIVERSITY AND INCLUSION APPROACH**

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Remuneration should be continually reviewed to ensure that there are no diversity biases in remuneration for Directors, Management or other employees of the Company. A report analysing remuneration by gender, age and other relevant criteria must be provided to the People and Remuneration Committee at least annually.

## **8. PERFORMANCE EVALUATION**

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### **8.1 Board**

The Chair of the Board, in conjunction with Nomination and Governance Committee, evaluates the performance of the Allkem Board by way of ongoing review with reference to the composition of the Board and its suitability to carry out the Company's objectives. The Chair reports the results of this performance evaluation back to the Board at least annually.

### **8.2 Committees**

The Chair, in conjunction with the Nomination and Governance Committee, evaluates the performance of the Committees of the Board against each Committee Charter.

### **8.3 Individual Directors**

An evaluation of each individual Director's performance is completed by the Chair in conjunction with the Nomination and Governance Committee.

The Managing Director's performance evaluation is reviewed by the Nomination and Governance Committee on an annual basis and from time to time. Given the current size and structure of the Company, in addition to the process for evaluation of the Board (as described above), specific evaluation of the Managing Director may be carried out on an ongoing basis through open and regular communication between the Chair, the Nomination and Governance Committee and the Managing Director, to identify and monitor the achievement of key performance indicators, to provide feedback and to provide guidance and support where any issues may become evident.

### **8.4 Senior Executives**

The Managing Director reviews the performance of the Senior Executives and Management, reporting to the Board at least annually.

The current size and structure of the Company allows the Managing Director to conduct informal performance evaluations of Senior Executives regularly. Formal performance evaluations of Senior Executives are conducted on an annual basis to ensure that key performance indicators are identified and met, and to provide feedback and guidance, particularly where performance or mismanagement issues are evident. A remuneration review will be conducted regularly but at least on an annual basis.

## **9. COMMUNICATIONS**

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If you have a questions or comments about this policy or need further information, please contact the Company's Chief Legal Officer or Company Secretary.

## **10. REVIEW DETAILS**

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This policy was last renewed and updated by Allkem Limited on 31 July 2020.