



LI-S ENERGY LIMITED
ACN 634 839 857

**REMUNERATION POLICY FOR DIRECTORS &
SENIOR EXECUTIVES**

1. INTRODUCTION

- 1.1 The Li-S Energy Limited's ("Li-S Energy" or "Company") Remuneration Policy for Directors and Senior Executives ("Li-S Energy Remuneration Policy"):
 - 1.1.1 outlines the general terms and conditions of remuneration for Li-S Energy directors, executives and management; and
 - 1.1.2 was developed by the Li-S Energy Board with input from an external executive remuneration consultant.
- 1.2 Disclosure of specific entitlements and benefits of directors and executives will continue to be made by Li-S Energy as required by the Listing Rules and the law.

2. POLICY OBJECTIVE

- 2.1 Li-S Energy is committed to making timely disclosure of all relevant information relating to its remuneration practices and policies in the context of its reporting obligations in the corporate governance statement in its annual report and pursuant to continuous disclosure requirements.
- 2.2 The Li-S Energy Remuneration Policy has been:
 - 2.2.1 established as a means of promoting transparency and understanding of its approach to director and executive remuneration; and
 - 2.2.2 designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component, specific short-term incentives based on key performance areas affecting the Company's financial results and long term incentives based on achieving specific shareholder value metrics.

3. DIRECTOR & EXECUTIVE REMUNERATION

Non-Executive Directors

- 3.1 Remuneration of non-executive directors is determined by the Board from the maximum amount available for distribution to the non-executive directors as approved by shareholders.
- 3.2 In determining the appropriate level of directors' fees, data from surveys undertaken of other public companies similar in size or market section to the Company and input from the external executive remuneration consultant are taken into account.

- 3.3 Non-executive directors are:
- 3.3.1 remunerated by means of cash benefits or being granted service rights in lieu of those cash benefits; and
 - 3.3.2 not entitled to participate in performance-based remuneration practices unless approved by shareholders.

3.4 The Company may remunerate non-executive directors for past performance undertaken or for future service by the granting of rights but these would be as previously disclosed in the prospectus lodged with ASX prior to listing or as approved by shareholders.

3.5 Li-S Energy does not provide retirement benefits for its non-executive directors.

Executive Director & Senior Executive Remuneration

3.6 Executive directors do not receive directors' fees.

3.7 Li-S Energy does not have a formal remuneration committee structure.

3.8 Li-S Energy considers that the establishment of a formal committee will not achieve enhanced efficiency when compared to its existing arrangements having regard to the fact that Li-S Energy:

3.8.1 predominately operates within Australia with its directors, senior executives and employees geographically concentrated in south east Queensland;

3.8.2 is relatively small in size in terms of the size of its operations, the number of directors, executives and employees compared to other listed public companies; and

3.8.3 remains capable of giving due consideration to the overall remuneration policies and strategies of the Company during the conduct of its regular Board Meetings and by appropriate recourse to relevant market data and, where applicable, to external executive remuneration consultants.

3.9 Accordingly, the Li-S Energy Board of Directors is responsible for approving remuneration policies and packages applicable to executive directors and senior executives of the Company.

3.10 The broad remuneration policy objective is to ensure that the emoluments provided properly reflect the person's duties and responsibilities and is designed to attract, retain and motivate executives of the highest quality and standard to enable the organisation to succeed.

3.11 A review of the compensation arrangements for executive directors, including the Chief Executive Officer and other Senior Executives is conducted by the full Board at a duly constituted Directors' Meeting.

3.12 The Li-S Energy Board conducts its review annually and is based on established criteria including:

3.12.1 the individual's performance;

3.12.2 reference to market data for broadly comparable positions or skill sets in similar organisations or industry;

3.12.3 the Company's performance during the relevant period; and

3.12.4 the broad remuneration policy objectives of the Company.

4. COMPANY PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTOR & EXECUTIVE REMUNERATION

- 4.1 A key aspect in the design of the Li-S Energy Remuneration Policy is that it is intended to promote and achieve goal congruence between shareholders, directors and executives.
- 4.2 The two methods employed in achieving this aim are:
 - 4.2.1 a performance-based bonus for executives based on key performance indicators (KPI's) which include a combination of short-term financial and non-financial indicators; and
 - 4.2.2 the issue of rights to executives as a means of long-term incentive to encourage the alignment of personal and shareholder interests.
- 4.3 The measures are chosen as they directly align the individual's reward to the KPI's of the consolidated entity and to its strategy and performance.
- 4.4 Eligible executives may be entitled to receive incentive payments of up to 50% of their base salary during each full year of employment in which they achieve satisfactory levels of productivity, goals and targets pre-determined in consultation with the Board.
- 4.5 A significant proportion of eligible bonus payments to a Company executive and or relevant group executive (as these terms are defined in the Corporations Act) is:
 - 4.5.1 linked to the financial management and delivery of the Company's financial objectives; and
 - 4.5.2 relate to non-financial performance measures which may include, for example, people, safety, strategy and risk measures having overall benefits for the consolidated entity.
- 4.6 The Board considers this broad policy to be appropriate and effective in:
 - 4.6.1 its ability to attract and motivate directors and executives of the highest quality and standard to manage the affairs of Li-S Energy; and
 - 4.6.2 increasing shareholder wealth through the retention of quality employees committed to the long-term objectives of the Company.

Dated: July 2021