

# REMUNERATION POLICY

Approved by the Board of Directors effective 26 October 2022

Note: This Policy is prepared for Lotus shareholders (not its employees). Lotus will be required to prepare an Annual Remuneration Report to its Shareholders, who are required to approve Lotus' Annual Remuneration Report at each AGM. This policy should be included in the Lotus' Annual Remuneration Report. It primarily covers the remuneration of Key Management Personnel (i.e. Directors and the Executive Leadership Team) and briefly on remuneration for other employees. The Policy meets the requirements of corporate governance guidelines and Corporations Act requirements.

## 1 PURPOSE

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**Lotus Resources Limited** (Lotus or the Company) and its subsidiaries are committed to attracting and retaining talented employees by rewarding them for achieving high performance and delivering superior long-term results for stakeholders while adhering to sound risk management and governance principles.

This Remuneration Policy ("**Policy**") describes the remuneration principles and decision-making procedures in respect to remuneration arrangements for Lotus' employees and Key Management Personnel ("**KMP**"), comprising the members of the Board of Directors, the Managing Director & Chief Executive Officer ("**Managing Director**") and the CFO.

This Policy is prepared pursuant to the corporate governance guidelines and disclosed with the Company's Annual Remuneration Report to Shareholders at each Annual General Meeting. All remuneration paid is in line with this Remuneration Policy.

## 2 APPLICABILITY

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This policy applies to:

- executive and non-executive directors;
- executives and other employees.

## 3 RESPONSIBILITIES AND REVIEW

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The Managing Director of the Company is accountable to the Board of Directors for ensuring this Policy is effectively implemented.

Performance will be measured through internal and externally recognised auditing and reporting processes.

The Board will review this Policy periodically to ensure that it is current and the requirements of this Policy meet industry standards of excellence for reward, recruitment, retention and incentivisation.

## 4 POLICY

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Lotus' remuneration strategy is designed to attract and retain talented employees by rewarding them for achieving high performance and delivering superior long-term results for stakeholders while adhering to sound risk management and governance principles.

### Remuneration Principles

Well-functioning and competitive remuneration is an essential tool for engaging members of the Board, executives, and employees at all levels of the organisation who will strengthen the business. Remuneration must be in proportion to the long-term value creation and the achievement of the strategic objectives of Lotus. We

believe fair and transparent treatment of remuneration issues is important to the culture of the firm and the engagement of employees across the business.

The following principles underpin remuneration strategies:

- Align remuneration with shareholder interests.
- Enable recruitment and retention of talented employees.
- Provide market competitive and fair remuneration.
- Support an appropriate risk culture and employee conduct.
- Supports the execution of our strategy and long-term sustainability.
- Differentiate pay for behaviour and performance in line with our vision and strategy.
- Provide the ability to risk-adjust remuneration.
- Aligns accountability for performance at business unit level.
- Be simple, flexible, fair and transparent.

### **Decision-Making Process**

Lotus Shareholders are responsible for deciding on the annual remuneration available to the Non-Executive Directors and approving Lotus' Annual Remuneration Report (which includes this Policy) applicable to the remuneration of KMPs. Furthermore, shareholders decide on the issue of Lotus securities to be used in executive incentive schemes.

The Lotus's Remuneration Committee oversees KMP remuneration, and the Board ultimately approves all decisions made concerning the remuneration of KMPs.

The Board (excluding the Managing Director) ultimately decides whether performance targets and measurements applicable to variable pay arrangements have been achieved and are to be paid, considering Lotus' remuneration principles and overall performance.

### **Decision-making process regarding the remuneration of the Board of Directors**

The remuneration of the members of the Board of Directors is delegated to Lotus's Remuneration Committee, which submits its proposals to the Board of Directors. The Remuneration Committee may also use independent external experts to provide information on remuneration matters.

### **Decision-making process regarding the remuneration of the Managing Director**

The Board of Directors (excluding the Managing Director) decides on the remuneration, benefits and other terms of employment of the Managing Director based on the preparatory work by the Remuneration Committee and according to the guidelines set out in this Remuneration Policy. The Board determines the total remuneration elements of the Managing Director based on market benchmarking and other relevant facts.

### **Decision-making process regarding the remuneration of employees**

All remuneration-related decisions require Managing Director approval and may be based on recommendations of other employees as appropriate.

### **Remuneration Framework for Employees**

Remuneration of employees (not subject to industrial awards) consists of a fixed annual fee or agreed rate for work performed. Furthermore, additional benefits may also be available where appropriate.

### Remuneration Framework for the Board of Directors

The Chairman and the Non-Executive Directors receive a fee for services and do not receive any other benefits, nor do they participate in any incentive schemes. Fees recognise the role and responsibilities and the time commitments required and are not performance-related.

Award of options to Non-Executive Directors as part of overall remuneration to support recruitment and retention of suitable directors is at the discretion of the Board.

Remuneration element	Purpose and link to strategy	Operation
Director Fee	To attract, retain and fairly reward high calibre directors.	Remuneration of Non-Executive Directors consists of a fixed annual fee including work on sub-committees. All fees are inclusive of statutory superannuation.  Director and Committee Fees are benchmarked and reviewed against market data.

### Remuneration Framework for the Managing Director and Other Executives

The Managing Director and other executives' remuneration comprises a fixed-based salary (comprising, monthly salary, superannuation, and customary fringe benefits according to the local legislation and market practice) and a variable pay component comprising short and long-term incentives.

The below table summarises the elements of remuneration for the Managing Director and other members of the Executive Leadership Team.

Remuneration element	Purpose and link to strategy	Operation
<b>Fixed Pay</b>	To attract and retain high-quality executives through market competitive and fair remuneration.	Lotus follows the peer company market median to set the level of base pay, taking into consideration experience, skills and performance.
<b>Short-term Incentive</b>	Ensures a portion of remuneration is variable, at-risk and linked to the delivery of agreed plan targets for financial and non-financial measures that support Lotus's strategic priorities.  It also provides alignment with shareholders through a deferred component.	<p>The short-term incentive is an annual performance bonus. The Board sets the maximum yearly incentive opportunity (as % of the fixed pay), performance measures and target levels. The yearly bonus is earned in accordance with terms approved by the Board.</p> <p>The short-term incentive performance criteria may include financial performance, individual, operational, and safety performance over 12 months. The Board defines performance criteria targets at business unit level and group level.</p> <p>The Managing Director, the CFO and other corporate executives are subject to performance criteria at the group level and other executives are subject to performance criteria at the business unit level.</p> <p>The short-term incentives are paid either in cash or in the form of equity instruments at the discretion of the Board at the time of grant.</p> <p>To the extent that the grants are made using equity instruments, the Executives participate in share-based incentive plans that are decided and implemented by the Board of Directors and for which security purchases or issue authorisations are obtained from Shareholders at the Annual General Meeting.</p> <p><b>No payment is made if there is a workplace fatality or significant disability.</b></p> <p>All payments are at the discretion of the Board.</p>
<b>Long-term incentive</b>	To align executive accountability and remuneration with the long-term interests of	Executives participate in share-based incentive plans that are decided and implemented by the Board of Directors and for which security purchases or issue authorisations are obtained from Shareholders at the Annual General Meeting.

Remuneration element	Purpose and link to strategy	Operation
	<p>shareholders by rewarding the delivery of sustained Group performance over the long term.</p> <p>It also rewards executives who have contributed to the Lotus's value creation and support the retention and attraction of executives.</p>	<p>The grant of long-term incentives mainly follows a 3-year earning period. The performance criteria are aligned with the Group's financial performance and shareholder returns over the performance period to deliver sustained shareholder value over the long term.</p> <p>Performance targets are determined and decided by the Board of Directors (excluding the Managing Director). Performance targets are measured at the end of the performance period, and the achievement of these targets determines the payout level of the long-term incentives. The vesting of long-term incentives is at the discretion of the Board.</p> <p>The reward for each performance period is capped at a grant to a maximum number of securities and expressed as a percentage of the executive's fixed remuneration.</p>
Clawback provision for short-term and long-term incentives	To provide terms and conditions for defining the procedure to cancel any short-term or long-term incentive or recollect paid rewards in case of unethical or unlawful behaviour.	The Board shall have the right to cancel the reward or recollect paid rewards that are subject to transfer restriction, fully or partly, if the Short Term Incentive Plan (STIP) or Long Term Incentive Plan (LTIP) participant has acted against the law or against the ethical guidelines of the Company or otherwise unethically.
Notice period and termination benefits	To have clear contractual terms in place.	The notice period for the Managing Director and other executives is 3-months for both parties.
Special reward forms or bonuses, such as sign-on bonus or restricted shares	Only under particular circumstances.	Under special circumstances to facilitate onboarding and retention. These additional awards must always be structured to reflect Lotus' remuneration principles in terms of their value, time horizon and performance requirements and, in the case of the executive, be approved by the Board of Directors.

#### Conditions for temporary deviations

In the event of unexpected or unforeseen changes in the business environment, a temporary deviation from this Policy regarding the remuneration arrangements may be required to secure Lotus's success in the long-term. These exceptional circumstances might arise from the need to secure the Lotus' financial position, competitive position or protect Lotus' value, or Lotus merges with another or significant changes take place in the Lotus regulatory environment regarding taxation. These temporary deviations from the Policy need to be approved by the Board of Directors.

#### More Information

More information on the remuneration arrangements for KMPs is included in LOTUS's [Annual Remuneration Report](#).